



Annual Report of PGGM N.V.

2020



The original financial statements were drafted in Dutch.

This document is an English translation of the original.

In case of any discrepancies between the English and the Dutch text, the latter will prevail.

2020 was an extraordinary year. A difficult year too for most of us. Yet it was also a year we can be proud of. Despite the COVID-19 measures, our service continued flawlessly. Within just a few weeks, our IT staff had facilitated homeworking on a large scale. Our clients, participants, retirees and employers for whom we work really valued this service continuity under these difficult circumstances.

Support for healthcare and welfare

In 2020 we worked hard to develop relevant services for the healthcare and welfare sector. And successfully. The acquisition of Vernet verzuimnetwerk B.V. was a huge success. The research agency specialises in collecting and analysing data on sickness absence in the healthcare sector. This is a perfect match for the services we are developing for employers. People know where to find us, not only employers but also the Ministry of Health, Welfare and Sport. In such a way, PGGM&CO was asked to develop a programme for psychological aftercare for healthcare workers on the COVID-19 frontline. We will continue this support for the healthcare and welfare sector, as the need is greater than ever.

Departure of clients

There were other setbacks in addition to the COVID-19 pandemic. Stichting Pensioenfonds Philips left and Stichting Pensioenfonds voor Huisartsen has announced its departure. We have ourselves decided to say farewell to Stichting Rabo PGGM Premiepensioeninstelling.

Challenges

It seems that mandatory participation will remain in the development of our pension system. But the new system will probably also lead to further pension scheme standardisation. It will therefore be more challenging to be competitive. We do not need to be the cheapest, but we do need to offer an excellent service for a competitive price if we are to take on the competition. Another important reason to reduce our costs where possible: our social task to take good care of our participants' money.

Ready for the future

Over the past year we have worked hard in the three domains in which we are active: asset management, pension management and strengthening the healthcare and welfare sector. Together with and for Pensioenfond's Zorg en Welzijn we recalibrated the investment policy for the period up to 2025. We prepared ourselves for Brexit and in the Back to the Future project at Vermogensbeheer, we brought our IT infrastructure up-to-date. Within pension management, our investments in recent years in the basic administration system, the IT infrastructure and data management provided a sound basis.

Thanks and welcome

Eloy Lindeijer has left PGGM after nine years as chief investment management. We are extremely grateful to Eloy for the contribution he has made to our organisation and his support in the steps we are taking in a continuously changing and challenging environment.

We are delighted and consider it important that we have been able to meet Eloy's departure well with the arrival of Geraldine Leegwater. She brings pension knowledge, investment expertise and management experience. We can use that well now that we are working towards a completely new pension contract. We would like to extend a warm welcome to Geraldine.

Let's work together to ensure a good and high impact year!

The executive committee

Edwin Velzel

Willem Jan Brinkman

Gerko Baarslag

Geraldine Leegwater

Jeroen de Munnik

Alexandra Phillippi

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Directors' Report

About PGGM

PGGM is a not-for-profit cooperative pension fund service provider. As PGGM, we offer our clients pension management, asset management, policy advice and board support.

Pension management

We help our clients with the implementation of their pension schemes and with the communications with their employers and participants. Our administrative systems were developed from the perspective of providing adequate and efficient execution of pension administration. In the execution we aim for excellent service provision with our clients at appropriate cost levels. Our clients have access to our knowledge, pension experience and experience in communication with employers and participants.

Read more about pension management at www.pggm.nl/pensioenbeheer

Asset management

We support our clients with fiduciary management and asset management. We invest the collective pension assets cost-efficiently. We investment policy to the wishes of our clients, the pension funds, with attention to a good financial and socially responsible return with rigorous risk management. Fiduciary management and advice supports our clients in their role as principal, both with advice and subsequent implementation.

The management activities relating to the execution itself are shaped by the management of overlay portfolios and the selection and monitoring of external managers and risk management. For a significant portion of the investments, we perform the asset management ourselves within PGGM.

Read more about asset management at www.pggm.nl/vermogensbeheer

Policy advice and board support

We advise our clients on their pension schemes and on the financing thereof. We do this by providing legal, tax and actuarial advice and recommendations on asset liability management, risk management, financing policy and current topics. We devote a great deal of attention to the practicability and comprehensibility of our advice and to the pension and financing policy to be developed on this basis. We also offer organisational support for our clients' governance cycle.

Read more about our policy advice and board support at www.pggm.nl/beleidsadviseringenbestuursondersteuning

PGGM Coöperatie

PGGM Coöperatie U.A. (PGGM Coöperatie) was formed in 2007 by the social partners in the healthcare and welfare sector. The members of the cooperative are employees and pensioners in the sector. PGGM Coöperatie is the sole shareholder of PGGM N.V. PGGM Coöperatie has two management bodies: the members' council and the cooperative council. PGGM&CO is the members' organisation of PGGM Coöperatie.

Members' council

The members' council is the most senior body of PGGM Coöperatie, consisting of 45 members and also has an independent chair. The members' council represents the members of the cooperative which is over 765,000 members.

Cooperative council

The cooperative council is responsible for the identity, mission, vision and financial and other policy frameworks of PGGM Coöperatie and is accountable for these to the members' council.

PGGM&CO

PGGM&CO promotes ties with PGGM N.V. and among members themselves. In addition, PGGM&CO in collaboration with partners, develops supplementary products and services for its members, with a focus on mental, physical and financial health.

PGGM N.V.

PGGM N.V. (PGGM) is the executive organisation and wholly-owned subsidiary of PGGM Coöperatie. As PGGM, we work on behalf of our clients. Our core business is pension execution. PGGM is established in the Netherlands and works for Dutch clients. PGGM invests actively worldwide.

Supervisory Board

The Supervisory Board consists of six members and has two committees: the audit, risk and compliance committee (audit committee) and the remuneration, selection and appointments committee (remuneration committee).

The Supervisory Board oversees the operations of the Executive Board of PGGM and the general affairs of the company. The Supervisory Board also safeguards the expertise and responsibilities of the executive committee (EC). In addition to members of the Executive Board if invited, EC members also attend Supervisory Board meetings. In addition to meetings with members of the Executive Board, the remuneration committee also holds annual meetings with EC members. Finally, the Supervisory Board is directly involved in the appointment, suspension, and dismissal of Executive Board members and where appropriate EC members.

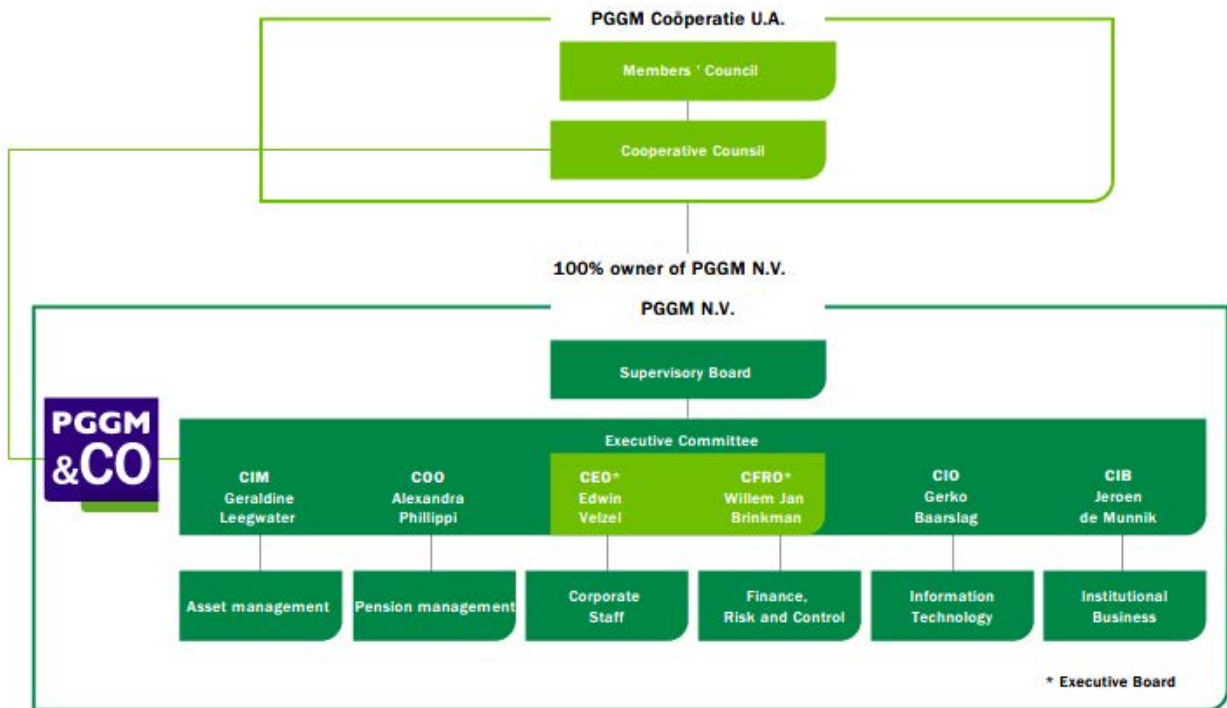
Executive committee

The EC is responsible for the day-to-day management of PGGM. The EC comprises six members, including two Executive Board members: the chief executive officer (CEO) and the chief financial & risk officer (CFRO).

Furthermore, the responsible officers from the business units for pension management (chief operations officer), asset management (chief investment management), institutional clients (chief institutional business) and information technology (chief information officer) also serve on the EC. The Executive Board bears ultimate responsibility for PGGM. The Executive Board can be called to account by both the shareholder and the Supervisory Board.

We opted for the EC model, because this brings PGGM's management and business operations together in a single team. PGGM's core functions are represented in this and the focus is on the client.

PGGM's organisational structure

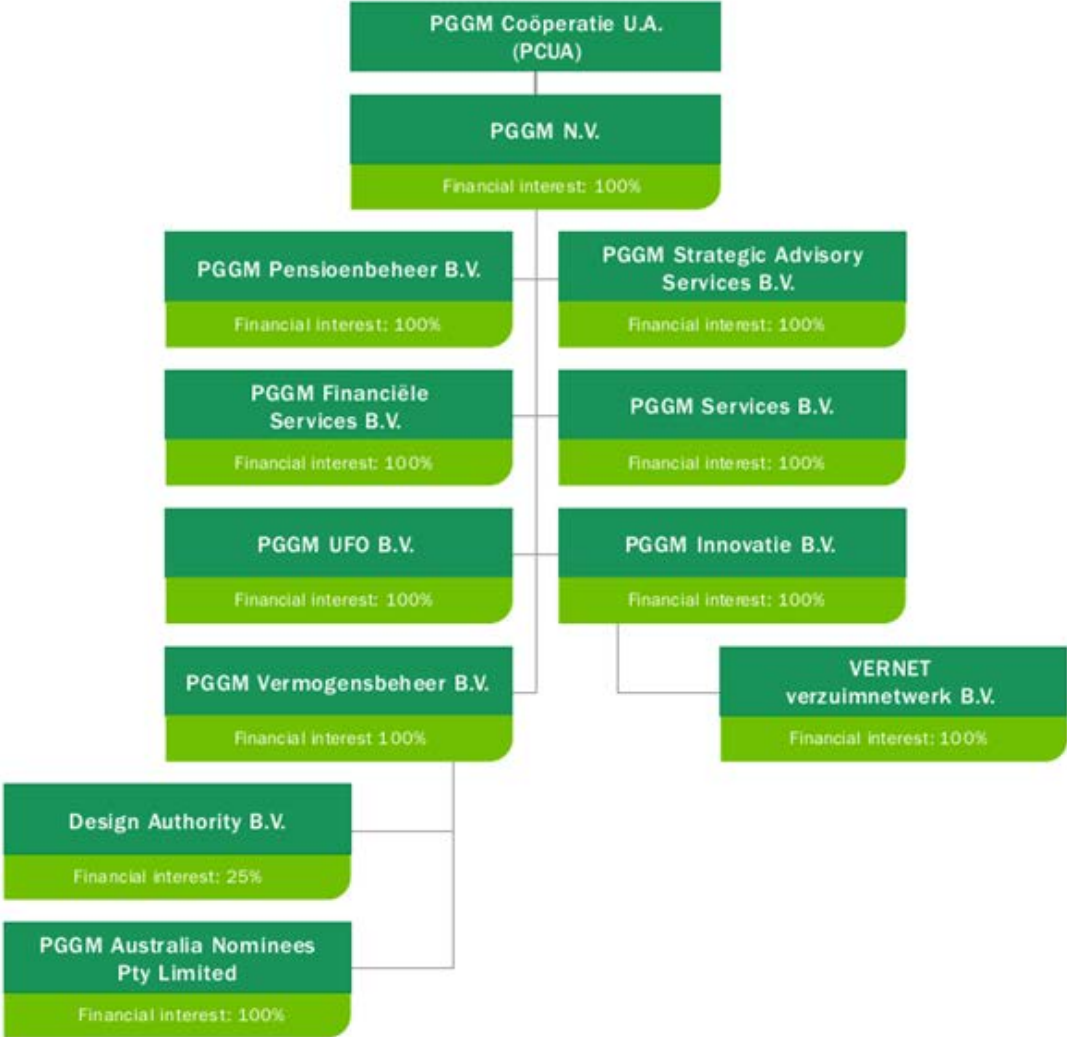


Group structure

The pension fund service provider PGGM has a two-tier board and, as of 31 December 2020, is the holding company of nine direct and indirect subsidiaries and one minority interest. Together with its shareholder, PGGM Coöperatie, we form

the PGGM Group. A number of subsidiaries have a licence from the Dutch Authority for the Financial Markets (AFM). When the legal structure was set up, it was decided that the various licences should be linked to individual companies.

Group structure



Group structure changes

The acquisition of Vernet verzuimnetwerk B.V. (Vernet) in 2020 means that more data are available about sickness absence in healthcare and welfare. This enables us to provide healthcare institutions with more insight into various sickness absence issues. We sold our share

in ESG auditor Sustainalytics Holding B.V. (Sustainalytics) in 2020. We continue to be a Sustainalytics' client. PGGM Treasury B.V. (Treasury) also merged with Vermogensbeheer on 31 December 2020.

The dismantling of Treasury



Anja Kleefsmann, Senior Investment Manager Treasury Trading & Commodities, and Marcel Rijnsburger, Expert Project Manager, Project Management & Implementation: 'Over the past decade, our clients' money and currency market transactions were first combined before being executed on the financial markets. An extremely efficient solution that, however, was insufficiently future-proof, considering the developments in laws and regulations. In the new situation, this Treasury service has been designed at client level, which means that PGGM is much more flexible, agile and scalable in meeting individual client needs. In a united collaboration between various departments over the past twelve months, we have worked hard and successfully on realising Treasury 2.0. And this was during the COVID-19 period, which required the project group to work remotely. Truly an achievement we should be proud of.'

Key figures

Key figures		
	2020	2019
Annual revenue (* millions of euros)	309	298
Net result (* millions of euros)	29.0	7.6
Investment return	5.6%	18.7%
Number of clients	10	11
Number of participants (* million)	4.4	4.4
Assets under management (* billions of euros)	268	252
Customer satisfaction	7.4	7.2
Number of FTEs at year-end	1,491	1,459
Male/female ratio, general	62%/38%	62%/38%
Male/female ratio at management level	71%/29%	71%/29%
Personnel expenses (* millions of euros) 1)	180.0	171.0
Number of members of PGGM&CO	Approx. 765,000	Approx. 764,000

1) Concerns salary expenses, pension charges, social security expenses and other personnel expenses

Financial results

Robust business operations

Our business operations have remained stable, despite the COVID-19 pandemic. Tight control of costs has ensured positive financial business operations compared with the budget. We have also generated extra turnover by offering additional services to various clients. Our financial position is healthy and forms a sound basis for the future.

We started the Financial control programme in 2019 and this was quickly expanded to become the strategic programme, Control 2021. The introduction of a new control model in 2021 places responsibilities and authorities more explicitly with the business units. Placing responsibility for results lower in the organization increases customer orientation and entrepreneurship. Vermogensbeheer, Pensioenbeheer and Institutional Business are also not working as separate business units, but together as one organisation (PGGM). This movement towards a more flexible organisation will be enhanced by long-term financial planning, appropriate management information and a clear planning & control cycle.

Financial results

Our result before taxes was positive € 19.9 million in 2020 (2019: € 9.2 million). This operational result is above our financial objective of € 15 million as formulated as part of the Strategy 2023. This is a consequence of higher turnover against relatively lower costs. The improvement in the result before taxes compared with 2019 arises from the lower amortisation of intangible fixed assets in 2020 and the provisions for onerous contracts that negatively impacted the result in 2019.

Goodwill is fully depreciated as of 31 december 2019 (charge for the year 2019 € 14.9 million). This goodwill was created following our acquisition of the pension organisation in 2008. For the onerous contracts with the clients whose contracts have been terminated, Stichting Pensioenfondsen Philips (Philips), Stichting Beroepspensioenfondsen Loodsen (Loodsen) and Stichting Algemeen Pensioenfondsen Volo Pensioen (Volo), additional provisions were recognised in 2019 for the unavoidable costs (total € 2.7 million).

An agreement was reached with the purchaser of the life insurance portfolio in 2020 regarding the settlement of the agreed guarantees given as part of the sales agreement. This resulted in a positive result of € 0.3 million in 2020.

In 2020, Stichting Pensioenfondsen voor Huisartsen (SPH) decided to stop using our pension management services as of 1 January 2022. Due to strategic considerations, PGGM has also decided to stop with Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM PPI). The services to SPH and PPI will continue as usual in 2021. Since the service is loss-making, a provision has been recognised. On balance the financial impact in 2021 is therefore limited.

It is expected that the new pension agreement will lead to standardisation of the pension schemes. We anticipate a decreasing trend in employment at Pensioenbeheer. This is incorporated in a long-term plan (2026) for Pensioenbeheer and this is the reason for an extra allocation of € 5.3 million to the restructuring provision over 2020. Within Vermogensbeheer, we expect an increase in the number of employees in the coming years as a consequence of our ambition to be best-in-class asset manager.

The result after tax for the full year 2020 amounts to € 29.0 million euros and was therefore significantly higher than 2019 (2019: € 7.6 million). The improvement in the result after taxes was mainly a consequence of an incidental income from the sale of the interest in Sustainalytics in 2020 (€ 13.6 million). The net result over 2020 will be added to the equity and offers room for the coming years' investment calendar for investments in IT systems, new pension scheme, sustainability and improvements appropriate in our development towards a more flexible organisation.

The equity at end 2020 was € 230.8 million (2019: € 210.9 million). Against the increase in equity resulting from the positive net result, there is a negative impact of € 10 million as a consequence of revaluation of the building due to the market developments in the office market.

Solvency

PGGM's solvency as of 31 December 2020 was unchanged compared with the previous year (2020: 62.4 percent, 2019: 62.4 percent), which more than meets the requirements of the supervisory authority. The solvency is calculated as the ratio of equity to the balance sheet total. Despite the increase in the net result, the solvency is in line with 2019. This is caused by the fall in the revaluation reserve as a consequence of a lower valuation of the building.

Liquid assets and money market funds

The liquid assets including the money market funds amounted to € 190.9 million as of 31 December 2020 (2019: € 144.9 million). The increase is primarily a consequence of an improvement in the cash flow from operational activities. This concerns the pre-invoiced and received fees from clients. Cash flow from investment activities relates mainly to the sale of Sustainalytics set off against the acquisition of Vernet and other investments.

In 2019, PGGM decided to invest some of the cash in money market funds. €59.8 million (2019: €30.1 million) was invested in money market funds at the end of 2020. These investments are disclosed in the financial statements under securities. Investing in money market funds exchanges the individual banking counterparty risk for a distributed product. Investing in money market funds offers relatively stable returns, combined with a low risk and with options for a rapid entry and exit, to limit the risk.

PGGM also retains sufficient cash and cash equivalents at any one time to meet its obligations. PGGM's liquidity position was sufficient in 2020 and there are no additional financing needs.



PGGM, adding value to healthcare and welfare

We are PGGM, adding value to healthcare and welfare. We work for a good, affordable and sustainable pension for our clients and their participants. We also contribute towards a liveable world, occupational health and vitality in old age.

Healthcare and welfare

We have made a clear choice with our strategy, 'PGGM: adding value to healthcare and welfare'. Together with Stichting Pensioenfonds Zorg en Welzijn (PFZW), we support the financial future of people who work or have worked in this sector and contribute towards a healthy and vital sector.

In order to strengthen the bond with the healthcare and welfare sector, we work firstly on providing leading pension and asset management. We also use our expertise in labour market data, financing issues and additional personnel services for attractive employment practices, work enjoyment and we contribute to a future-proof healthcare and welfare sector.

Pension management

A detailed pension agreement has been available since the summer of 2020. Several tasks are clear but certain sections need to be elaborated further. As PGGM we offer our brainpower and analyses in the public debate and with social partners. In doing so we contribute to a future-proof pension system that goes further than the service provision to our clients.

We aim for the best service provision and keep a close eye on the costs. We offer excellent pension execution and service to employers, employees and retirees. We advise our clients on their pension schemes and how these are funded. We do this by providing legal, tax and actuarial advice and recommendations on asset liability management, risk management, financing policy and current topics. In this way we pay a great deal of attention to the practicability and intelligibility of the recommendations and the pension and financing policy based on this advice.

Vermogensbeheer

We set the tone in sustainable investments with a high and stable return against an acceptable risk. We stand for and aim for best-in-class asset management. At the same time, we know together with PFZW that a good pension is worth more in a liveable world. That is why we make long-term investments for our clients, taking into account the impact on people and the environment with special focus on healthcare, climate and alleviating poverty. As investor, we have an influence on a large number of businesses worldwide. We use that influence to push sectors in the right direction.

We invest the collective pension assets cost-efficiently. We align the investment policy to our clients' requirements. Fiduciary management and advice supports our clients in their role as principal, both with advice and the subsequent implementation.

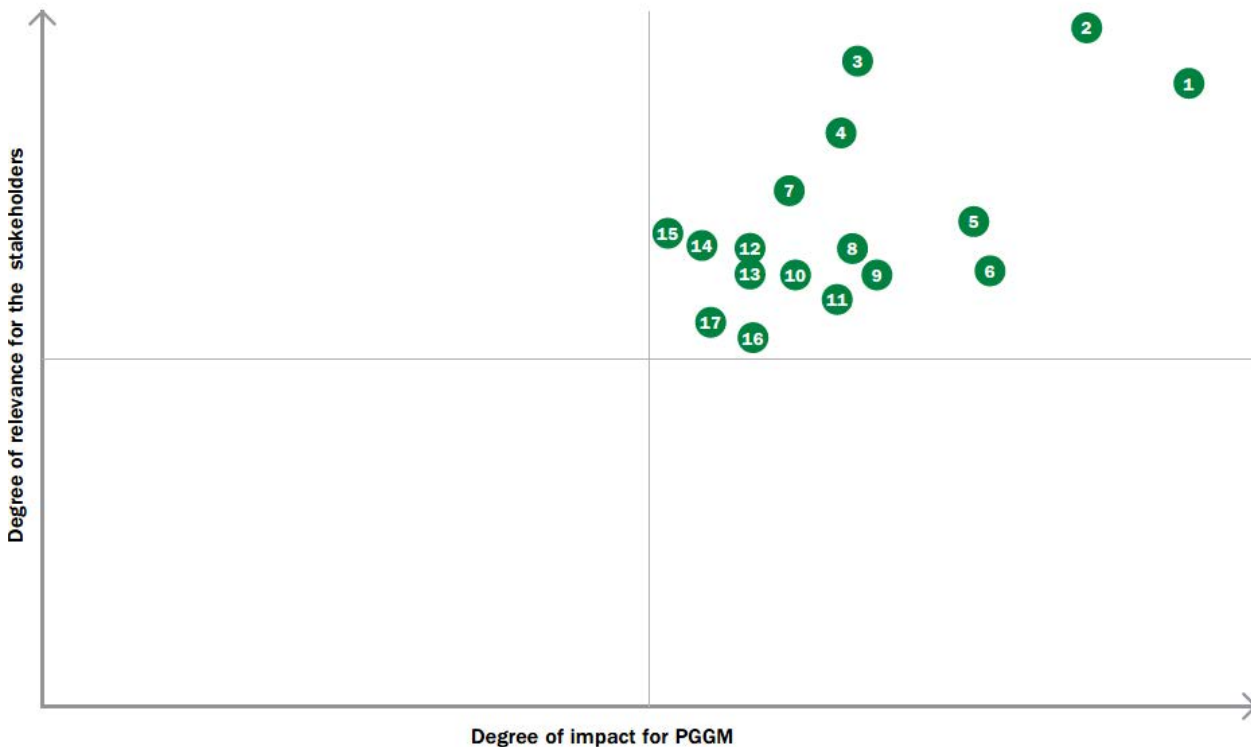
Interests of our stakeholders

In order to safeguard that our strategy aligns well to the requirements and wishes of our most important stakeholders (social partners, PFZW, other clients, participants of our clients, employers, employees, suppliers and insurers), in 2020 via interviews with our internal and external stakeholders we set up a materiality matrix. This contains the seventeen themes that are of material importance to us and to which our stakeholders attach the most value. The horizontal axis of the matrix describes how important a certain theme is for our organisation.

Materiality matrix PGGM

The material topics

- | | | | |
|-----------------------------------|---|------------------------------------|---|
| 1 Good pension | 5 Strong sector health care & welfare | 9 ESG integration | 14 Compliance & integrity |
| 2 Reliable pension administration | 6 Impact investments | 10 Sustainable business operations | 15 Financial inclusion |
| 3 Future proof architecture | 7 Financial results | 11 Good employership | 16 Innovative services for the sector health care & welfare |
| 4 Customer oriented | 8 Strategic relations for sector healthcare & welfare | 12 Data & digitalisation | 17 Riskmanagement |
| | | 13 Transparency | |



If a topic is positioned on the far right of the matrix, this means that we can achieve a lot of impact here. The vertical axis refers to the importance of the theme for our stakeholders. That implies: the higher in the matrix, the more important.

The materiality matrix shows that a good pension and reliable administration come first for us and our stakeholders. We also want to place the emphasis on a strong healthcare and welfare sector.

How we create value

The value creation model provides insight into which economic, social and environment-related capitals we use, how we add value to that and what that yields for our clients, our clients' participants, our employees, and society. In line with our strategy, we also have a long-term vision that matches for our clients' horizon without losing sight of today's reality.

Business model

Our business model is key in the value creation model. This ties in with our vision and shows what we do. We focus on the markets in which we are active: asset management, pension management and the healthcare and welfare sector, for which we aim to offer meaningful services now and in the future.

Input

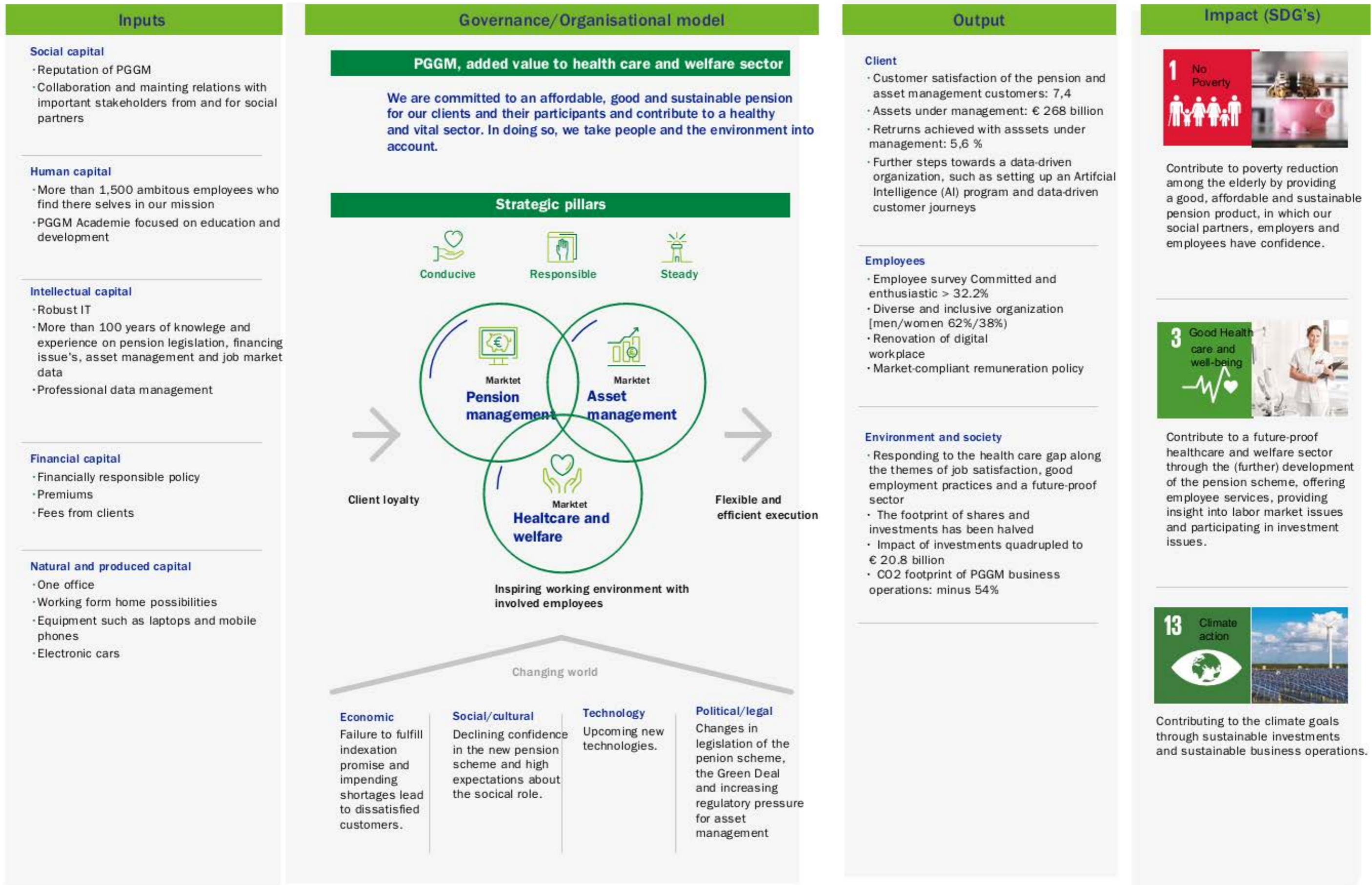
To ensure our business model functions optimally, we need important sources, such as people and a good financial basis. As PGGM, we would not be able to work without for example our people and their specialist knowledge. But other sources are important too, such as homeworking possibilities and professional data management.

Output

The activities in our business model have different internal and external outcomes. We create value with this output. Value for our clients and their participants by safeguarding their pensions, for the companies and markets in which we invest by enabling them to grow. For our employees by offering them a pleasant, safe, and inclusive place to work. And last but not least, for our environment because with our investments we can contribute to innovative and sustainable solutions to combat climate change and the scarcity of raw materials.

Our impact

As one of the biggest pension providers in the Netherlands, managing assets of over €268 billion, we have a major impact on our environment and society. We have linked our long-term contribution to society to Sustainable Development Goals (SDGs). SDGs are a set of seventeen ambitious goals formulated by the United Nations to promote global sustainable development. As PGGM we focus on making a positive impact on SDG 1 (no poverty), 3 (good health and well-being) and 13 (climate action).





Important developments for PGGM

Numerous developments around us have direct and indirect impact on our work and on the pension levels. Factors such as the new pension agreement, the low interest rates, Brexit and COVID-19 are and will continue to influence PGGM. We are preparing ourselves for a diverse range of scenarios so that we can respond rapidly and effectively to a changing context.

New pension agreement

The new pension agreement was reached just before summer 2020. As PGGM we are positive about the fact that there is a detailed agreement and about the content of this. The intended innovation results in a more transparent and

personal pension system that is a better match for the current labour market. It contributes to restoring confidence in and support for the secondary employment benefit pension. While we are preparing changes in the system, the social partners are negotiating about the details. We are a permanent adviser in this.

Our contribution to a future-proof pension system



Pascal Janssen, Manager Actuarial Advice & ALM: 'In the Netherlands we are on the brink of one of the biggest pension system changes in our history. It is inspiring to see how in recent years, and certainly in 2020, we as PGGM have been able to contribute to this. From my department Actuarial Advice & ALM, we are involved in various national fora in which the new system is being developed. We are providing our brainpower and analyses to stakeholders who are critical in preparing the system. We are used to connecting different fields. As well as the financial expertise and in close collaboration with other PGGM colleagues, we are making the link with the legal perspective, the implementation and the communication. This combination of areas of expertise results in richer insights and practical applicable approaches. This enables us to contribute to a future-proof pension system that goes further than the service to our clients.'

Impact on our proposition and business operations

The transition to the new pension scheme has a major impact on our business operations. Potential accumulation of new laws and regulations in the current as well as the new pension system will increase the complexity and risks of this long-term transition. Initiatives have been started in the meantime to prepare the organisation for different future scenarios. These initiatives are aimed at, among other things, improving agility and manageability and stimulating working under architecture.

Meaning for our clients

In close cooperation with our clients, we have established a programme for an effective translation of the new pension scheme and associated developments into strategy and business operations. The choices that our various clients need to make and the consequences of these choices are incorporated in this. We have informed all our clients periodically about the meaning and impact of the transition to the new pension system and the choices they will need to make.

Excellent services for a competitive price

The new pension system will probably also lead to further standardisation and reduction in pension scheme complexity. The expectation is that the administration of pension schemes will be simpler in the execution in the long term and will look more alike. This will make the market for pension administration more dynamic. PGGM is preparing for this by being a highly competitive party: in terms of quality but certainly also on price. We will offer an excellent service from within an efficient organisation with a keen and competitive market price.

A long-term plan 2026 was formulated for pension management to realise our intended market position. In the first two years the focus will lie on the further development of efficient processes that lead to excellent customer service. Digitisation and robotisation will be needed for continuous improvement of services, in which we always act from the point of view of the funds' employers and participants. This will partly have

an effect on employment. Until 2026, we expect to see a reduction in the number of jobs by around 20-25 percent. This includes the scaling down as a consequence of the departure of Rabo PGGM PPI and SPH. Together with People & Organisation (HR) we will guide employees in this in a good and transparent way. Compulsory redundancies are, unfortunately, unavoidable. The provisions we have taken for this are included in the financial statements.

COVID-19

At the end of 2019, it became clear that people were infected with COVID-19. The virus spread globally in the first quarter of 2020. In many countries, including the Netherlands, society came to a standstill to prevent the further spread of the virus. A second wave arrived in October 2020 and the pandemic has still not been beaten.

Our healthcare and welfare sector is characterised by huge contrasts: a standstill in culture and sport organisations and huge pressure in healthcare. Initially medical care had a hard time, but later the situation also became more difficult for long-term care. COVID-19 has also increased sickness absence and resulted in significant staff shortages in healthcare and welfare. Measured over the entire year, on average 63 thousand employees in the healthcare sector were unavailable for work. Retired healthcare workers wanted to start work to fill shortages in healthcare.

Uncertainty regarding the economic consequences of the crisis has remained high. COVID-19 measures and concerns regarding increased unemployment have so far led to an insufficient recovery in the Dutch economy, which has put pressure on the financial position of pension funds. The continuing low interest rate in 2020 put the coverage levels of pension funds under more pressure. Our Asset management department also maintained the rebalancing policy after the second coronavirus wave; if the market slows, we purchase very sparingly. This has worked well so far.

The pandemic also manifested itself in various areas in our organisation. The crisis management team (CMT) was activated to ensure that the transition from working at the office to homeworking ran smoothly, without our clients being affected by this. We took various measures to ensure that the transition of 1,491 employees ran smoothly and, in particular, ran securely. As well as IT and cyber risks, there was a considerable focus on employee welfare during this difficult situation and on offering responsible homeworking provisions in terms of occupational health and safety aspects.

Corona risk profile

We drew up a corona risk profile starting end March 2020 and updated this and adopted this in the CMT weekly meetings until early July 2020. This risk profile was formulated in line with PGGM's risk language, in which the potential (negative) events and mitigating measures are recorded and monitored for each risk.

The most important heightened risks as a consequence of COVID-19 were:

- HR risk: initially the risk of infection and mortality and the potential impact on the business operations. This risk shifted throughout the year to employees being absent due to health symptoms as a consequence of long-term homeworking and loss of connection with PGGM;
- cyber risk: the risk of disruption to homeworking, which results in processes coming to a standstill and the emergence of security vulnerabilities in the homeworking situation; and
- environment risk: the risk of a total lockdown which means that we, as PGGM, are unable to continue our processes.

We took additional measures for all corona risks. In the crisis phase we also increased our monitoring of processes and suppliers in terms of scale and frequency. In this way we retained a good overview of the impact of homeworking and made adjustments were necessary.

In October 2020 we decided to continue the homeworking phase in any event until March 2021 and require the wearing of face masks when moving around the building.

Brexit

At the end of 2020 the European Union and the United Kingdom succeeded under great time pressure in preventing a no-deal Brexit. The negotiators agreed on a trade deal. We established a multi-disciplinary Brexit working group to monitor and mitigate PGGM's risks relating to Brexit. This group met periodically to translate the Brexit developments into additional actions where necessary.

Despite the fact that a trade deal was reached, the preparations for a so-called no-deal Brexit – which PGGM asset management has always planned for - proved to be very necessary. In order to continue our asset management service provision to our clients under all circumstances, it was necessary to update legal contracts to designated EU27 hubs of the UK service providers. This involved contracts with external managers, but also contracts with counterparties in order to trade in derivatives or repo transactions, for example. New relationships were also established with EU27 hubs or with other branches with the correct licence for the trade in shares and bonds. In addition to the volume of legal work, this also resulted in substantial administrative and system adjustments. All these actions resulted in the continuity of the PGGM asset management service being well safeguarded at the end of December 2020.

(Cyber) threats

In relation to information security and (cyber) security, the threat level continues to rise worldwide. The effectiveness of measures for ourselves and our stakeholders is continued priority. Measures were introduced in 2020 to strengthen security.

This strengthening process is continuing in 2021. On the basis of the PGGM Security Control Framework we actively monitor the maturity and demonstrability of our security processes.



Our clients

We want to strengthen our ties with the healthcare and welfare sector and focus on the service we provide to PFZW. At the same time we also serve other clients. Each pension fund is unique. We work towards an excellent service for all our clients and their participants. We aim to be a leader in sustainable investments with a high and stable return against an acceptable risk. We therefore continue to innovate and digitalise.

Our clients

We are the second largest pension fund service provider in the Netherlands. In 2020 we had ten clients: PFZW, SPH, Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (BPF Schilders), Rabo PGGM PPI, Philips, Stichting Pensioenfonds Smurfit Kappa Nederland, Stichting Bedrijfstakpensioenfonds voor de Particuliere Beveiliging, Stichting Pensioenfonds voor de Architectenbureaus (Pensioenfonds Architectenbureaus) and Volo and Stichting Pensioenfonds voor Personeelsdiensten.

The pension management services to SPH will cease as of 1 January 2022. SPH will remain a client for various asset management products, we also continue to provide ALM services. In the coming period we will be examining the effects of this decision on our business operations and how we can implement this carefully.

Partly as a consequence of the developments relating to the new pension agreement we have reconsidered the strategic value of Rabo PGGM PPI. Based on this strategic reconsideration, the decision was taken to stop with Rabo PGGM PPI. In close consultation between Rabo PGGM PPI, Rabobank and PGGM, in order to safeguard the interests of existing employers and participants, a new partner was found for Rabo PGGM PPI in Allianz. The acquisition by Allianz still needs to be approved by the supervisory authorities.

The combination of the departure of Philips, SPH and the decision to stop with Rabo PGGM PPI, means that the activities of various employees are no longer needed. We have formulated a social plan for these employees. Part of the plan is to guide employees from work to work, both internally and externally. The provisions we have recognised for this are included in the Financial statements.

PGGM clients in 2020					
	Services			Number of participants as at 31.12.2020	Managed capital as at 31.12.2020 (in millions)
	Policy advice and board support	Pension administration	Asset management		
Stichting Pensioenfondszorg en Welzijn	✓	✓	✓	2,913,300	253,900
Stichting Pensioenfondszorg voor Huisartsen *	✓	✓	✓	21,200	1,148
Stichting Bedrijfstakpensioenfondszorg voor het Schilders-, Afwerkings- en Glaszetbedrijf	✓	✓	✓	108,800	8,636
Stichting Rabo PGGM Premiepensioeninstelling *	✓	✓		57,000	N/A
Stichting Philips Pensioenfondszorg *	✓	✓		97,600	N/A
Stichting Pensioenfondszorg Smurfit Kappa Nederland	✓		✓	N/A	820
Stichting Bedrijfstakpensioenfondszorg voor de Particuliere Beveiliging			✓	N/A	515
Stichting Pensioenfondszorg voor Architectenbureaus			✓	N/A	3,271
Stichting Algemeen Pensioenfondszorg Volo Pensioen *	✓			0	n.v.t.
Stichting Pensioenfondszorg voor Personeelsdiensten	✓	✓		1,159,300	n.v.t.

* The contracts of these clients have expired and/or are not being renewed

Departure of SPH

Jeroen de Munnik, chief institutional business: 'We very much regret the departure of SPH. Also because the GPs as healthcare providers play an important role in our strategy. We had therefore wanted to continue the service provision. At the same time, we are proud of the service we provided to SPH over the years and the appreciation that we received from them for this. In the re-contracting process, we have presented the best of ourselves to our client. I am proud of this. However big the disappointment actually is, we will ensure a good conclusion and transfer to new administration organisation".

The investment policy for our clients

Our clients' investment beliefs and principles determine our execution. We are the overall manager of the assets of PFZW. PFZW's investment policy therefore largely determines how we invest. But PFZW is not our only client. The fact that we have multiple clients ensures that we monitor market developments closely and ensures therefore that our service remains optimal.

Financial return is priority. It is our clients' primary responsibility to provide their participants with a good and stable pension. In addition, our clients embrace a sustainable vision on investing and accept the responsibility to contribute positively to this world. They do this from the belief that responsible investing and a good return create value in the long term. This leads to a better relationship between risk and return.

As a result of this, clients are willing to make choices in their investment decisions. For example they do not invest in controversial weapons. Clients trust in PGGM Vermogensbeheer B.V. (PGGM Vermogensbeheer) to carry out their policy. They give long-term mandates in this respect. A benchmark is selected for every mandate. This is an objective measure against which the investment portfolio's performance is compared. Such a benchmark is usually equal to a particular market index (composition of a large number of companies). Generic market indices do not always match the sustainable ambition or the identity of our client, however. For instance companies are included in a benchmark in which our client does not want to invest on principle. In response to this, our Vermogensbeheer department has also put together suitable benchmarks in which our clients can invest.

Investment policy 2025: a sharper sustainability policy



Harrie Dielen, investment manager Strategy: 'As PFZW's 2020 investment policy was nearing its end date, it was time for the next step. PGGM experts from various business units worked in close cooperation with the management office and the board of PFZW on a new sustainability policy. In this way we are taking another significant step in terms of for example reducing CO₂ emissions within our investments and investing more euros in issues that contribute demonstrably to the sustainable development goals of the United Nations (SDGs). We are also stricter with respect to the things in which we want to invest.'

On 9 October 2020 it was ready. The new policy was then approved by PFZW, with the board voicing appreciation for all the work we as PGGM had delivered in this regard. A fine example of how you can achieve something great by effectively bundling all the knowledge that is available within PGGM concerning different areas.'

Asset management PFZW

Every six years we re-examine the contracts for the agreed services between PFZW and PGGM. In 2020, we reached an agreement with PFZW on the business plan for the re-contracting period 2021-2026. This ensured that the re-contracting of the asset management chain became a reality.

In addition, we recalibrated the investment policy for and with PFZW for the period up to 2025. An important component is an ambitious further enhancement of the sustainability of our investments. We will detail this further and implement this in the coming year.

Good returns within risk framework

Our primary task is to provide a good pension. We invest the premium, contributed by employers and employees, sustainably and pursue a high, stable and responsible return. We do this with a long-term time frame in mind and against acceptable risks and costs. In this way we ensure a pension that contributes to sustainable financial value creation for society.

The money is invested in various asset classes, such as property, shares and bonds. The pension assets are managed on the basis of mandates issued to us by our clients. We aim for optimal execution within the frameworks of these mandates and we have our own central trading desk for this. We implement both management of derivative portfolios and the selection and monitoring of external managers and risk management. For a significant portion of the investments, we also perform the asset management ourselves within Vermogensbeheer.

Best-in-class

It is our ambition to deliver best-in-class asset management to our clients, both in terms of price and quality. We want to measure up against the best teams in the world. Through an integrated approach and management of the overall portfolio, we safeguard that asset management is more than the sum of its parts.

The various factors that have an impact on our client's investments are viewed across the entire portfolio and not separately per asset class. The integrated approach enables us to respond at portfolio level to the developments in relation to the economy, sustainability and climate and technology. We use this broad knowledge to carry out the execution of mandates and individual transactions at the right level.

Awards

Together with Alecta we won the IPE Innovation award in 2020. We also received the SCI Investor of the Year award. On behalf of our biggest client, we received a Pensioen Pro Award for our impact investing. We received a second Pension Pro Award for our climate risk analysis of property investments.

Public and private markets

Asset management is sub-divided into public and private markets. The majority of our clients' portfolios consists of investments in public markets, which we manage internally and externally, both actively and passively.

Within the public markets platform we invest on behalf of our clients in investment categories such as listed shares, government bonds and corporate bonds.

Within the private markets platform, we actively invest in non-listed investment categories for our clients, such as infrastructure, property and private equity. Private investments help our clients to achieve the required investment yields and to realise a tangible impact on the real economy, including in the Netherlands. In 2020 we conducted 32 transactions in private markets. Due to their long-term character, private investments are also a good fit with the longer-term obligations of the pension funds.

We respond to 'structural trends' that we have identified as drivers of return. In 2020 we invested in logistics property worldwide, in further response to ever growing demand. This was partly driven by the growing e-commerce sector. The advantage is that we have worked for many years with renowned parties in the sector. That is why we were able to expand existing mandates in the US and in Europe and establish new mandates with existing partners in Europe and in Asia.

Investments in sustainable property in South Korea



Ping Ip and Ronald Bausch, Investment Managers Private Real Estate:

'Despite the fact that for many of us working from home became the new normal in 2020 we again achieved a great result with our offices investment mandate in Seoul, South Korea. The mandate aims to (re)develop highly sustainable office buildings at good locations in the city. This type of building is particularly popular with companies that use it as head office and therefore as a showcase for their organisation.

There is a shortage of such buildings in Seoul and demand remains high. Thanks to very close cooperation from the Netherlands with a local team, we have been able to achieve good results for years. In 2019 a net return of € 43 million was achieved on a mandate of € 300 million. In 2020 the net return over the year ran to € 58 million. That this also concerns sustainable property is apparent from the fact that, for many years, these investments have been among the best performing participants in the Global Real Estate Sustainability Benchmark.'

Pension investors operated in a low interest environment and a worldwide 'search for yield', in the world of today it is more difficult than ever to find investments that offer sufficient returns. This makes it a challenge to satisfy the financial ambitions of clients. This is visible within both public and private markets. Public markets are now facing high valuations. Despite active management, it continues to be a challenge to add value compared with the market.

Increasing competition has been created within private markets for finding attractively priced transactions. One of the consequences is that the efforts and costs are increasing. As a result intensive asset management is becoming increasingly important to improve returns on existing investments. To remain competitive, these developments underline the importance of a cost-efficient implementation of sufficient scale.

The assets we managed in 2020 increased by € 16 billion compared with 2019, bringing this to € 268 billion. The return on investments was positive and was 5.6 percent in 2020 (2019: 18.7 percent).

Investing in the Netherlands

A strong and sustainable Dutch economy contributes to a valuable future for the pension participants. This is why we and our clients consider it is important to invest in the Netherlands. This concerns investments in real estate, infrastructure and businesses. We invest 7.4 percent (€ 18.9 billion) of the standard investments in the Netherlands. The investments in the Netherlands have remained very stable in terms of size.

On behalf of our clients, we invested for example an extra € 125 million in BAM PPP in 2020, a business in which we undertake infrastructure projects together with construction company BAM. An example is the Afsluitdijk where BAM PPP has signed a development and maintenance contract with a term of thirty years. Our long-term approach and financial strength that we contribute ensures that BAM PPP can commit to projects for the entire lifecycle, which enables new and unique solutions. This works to the advantage of both parties and reinforces the economic structure in the Netherlands.

Strengthen the Dutch economy with pension capital

Erik van de Brake, Head PGGM Infrastructure Fund: 'This year, our fund purchased a material minority interest in Eurofiber. This interest in Eurofiber brings our clients what they are looking for: using their pension capital to contribute to strengthening the Dutch economy through further digitalisation.

They are doing this via an investment with good and stable expected returns in the long term. COVID-19 has underscored the essential importance of a strong digital infrastructure. For instance in the healthcare sector where Eurofiber has a leading market position.'



Eurofiber is a Dutch company that operates an accessible glass fibre and data centre network for business customers. The company also has activities in Belgium, France and Germany. With this investment, we give our clients a stake in a project designated as 'vital infrastructure' by the Dutch government. Eurofiber provides almost three-quarters of Dutch healthcare institutions and universities with high-grade glass fibre connections. In addition, some 80 percent of the energy grid operators in our country are connected to Eurofiber's network and more than half of mobile phone traffic in the Netherlands takes place via its network. Eurofiber also provides various Dutch local authorities with high-grade glass fibre connections, enabling them to lay the infrastructural basis for various smart city solutions.

Responsible investment

We made our investment policy even more sustainable in 2020. We are proud of the results: we have more than halved the carbon footprint of our share investments and our investments with impact almost quadrupled to € 20.8 billion euros. In the coming five years we will continue making our investments more sustainable.

Pension management: client service and expansion of service provision

We continue to work together with our clients on high quality service provision. We further developed the client journeys of participants and employers in 2020. 80 percent of participants experienced how easy it was to go through their client journey. We are also co-founders of and are affiliated with the my value transfer platform, which has reduced the average through time from seven months to ten days. Although the threat of a reduction in pensions did not continue, we took every preparation to inform our clients' active and former participants and retirees (adjustments to our system, the communications and our website). The my-environment of retirees was radically improved and now continues to offer more insight. We see the appreciation of our work from higher customer satisfaction levels.

More payment arrangements due to the coronavirus

As a consequence of the coronavirus many healthcare employers are in financial need. Fortunately, the government has offered a helping hand where possible. On behalf of our clients we also offered payment arrangements to meet the needs of our clients' employers during these extraordinary times. Many employers decided to use these.

Account managers and communications officers visit clients online

Many of our clients' employers are visited annually personally by one of our account managers or communications officers. During these visits, the employers are informed about developments at our clients and in the pension sector in general. They also focus on specific developments at the employer and our account managers act as sparring partners in various areas.

Our communications officers run dozens of information meetings every year at our clients' employers or general meetings for pension fund participants. After the COVID-19 outbreak, almost all in-person visits and information meetings were cancelled. We noticed at the high point of the pandemic in April and May that employers were involved with matters other than pensions. We then converted our in-person visits into online visits and meetings.

Although the number of online appointments and meetings is still lower than usual before the COVID-19 pandemic, we also notice that employers value our efforts here enormously and are now familiar with our online alternative.

Development and expansion of services

E-learning module

Employers are an important point of contact in helping employees with their pension questions, such as: How much pension will I receive? Can I stop work earlier or go part time? And what should I take into account if I become ill or disabled? Via the new e-learning, Pension at PFZW, employers can themselves rapidly gain pension knowledge on such themes as pension at state retirement age, early retirement, sickness and disability, and death and pensions. Employers can decide for themselves which themes they wish to follow, and at a time that suits them.

Video calling pilot

Video calling has become the ideal alternative for in-person meetings with participants during the COVID-19 period. This enables our pension advisers to keep offering personal advice. BPF Schilders, SPH and PFZW started a video calling pilot on 1 September 2020. Previously, BPF Schilders organised pension consultations on location, and for SPH and PFZW participants regularly came to our office in Zeist. The COVID-19 crisis resulted in video calling being regarded as a good alternative. Participants gave this service an average mark around 9.5.

New client system

We switched to a new client system (CRM system) in September 2020. This system enables us to record all client contacts with participants and employers. In total, over four hundred employees within PGGM use this system.

There were various reasons for replacing the old system, including increasing our agility. The original system involved a lot of

customisation, which meant that any modifications took a long time and were relatively costly. The previous customisation is almost entirely standardised in the new system. The new CRM system also demands much less maintenance. We automatically receive future upgrades, improvements and new features from the supplier. Finally, the new application helps us create an integrated client profile, so that we can provide the client, participants and employees with excellent service.

Customer satisfaction

We have made agreements with our clients about the quality of our services. We report about this every quarter via Service Level Reports (SLRs). The reports over 2020 present a positive image of all areas in which we provide services: pension management, asset management, policy advice and board support.

The average customer satisfaction score increased slightly on balance compared with 2019 and came out at 7.4 (2019: 7.2).

The Golden Ear: Really listening to the client



Feedback manager Mellyora Adams: 'To serve our clients well, we need to really listen to them as well as actually do something with their feedback. And not only those colleagues with client contact, but integrated throughout the entire organisation. The Golden Ear tests us annually on this for the PFZW client line. And since 2018 we are one of only two organisations in the Netherlands to achieve the highest level: level 3. We are extremely proud of this and our challenge is now to retain this position. The 2020 audit was a particularly stressful time because of the COVID-19 measures, but we managed it! In two days, two auditors met with 33 colleagues, partly online via Teams and partly in person, from the employer and participant chain, from product owner and innovation to customer service, from customer journey to social partners and account managers. A quotation from the final report: 'Learning and improvement processes based on the client are naturally anchored in the organisation. And it is remarkable how customer satisfaction and convenience remain constantly in the mindset and remain a measurable and integrated starting point, irrespective of place or position in the organisation. We were assessed on 47 requirements and did not only achieve the highest level, but also a higher score.'

Continued development

Ready for the future

In the coming years, in addition to advising on existing regulations, we will need to work hard to advise our clients as we move towards an entirely new pension scheme, integrating old rights and the compensation needed for this. We will do this in themed sessions together with fund boards.

We have a sound basis within Pensioenbeheer and Vermogensbeheer, which is reflected in smooth daily operations. Our investments in the MAP system, the IT infrastructure and data management in recent years have provided a sound basis to tackle the changes associated with a new pension system.

Data-driven organisation

We aim to achieve the ultimate client experience, mass customisation, best-in-class asset management and connection with employers. Radical digitisation can help us in this. That's why we took further steps towards becoming a data-driven organisation in 2020. In order to approach this in a structured manner, we set up the Artificial Intelligence (AI) programme at the end of 2019.

We defined the end point for each of the goals with a clear roadmap for specific AI-related cases. A joint PGGM-PFZW steering group prioritises and determines which cases are to be addressed per business unit. The Datalab team, comprising multiple data scientists, is involved in developing and implementing AI cases, teaching employees the associated competences and building and maintaining an AI ecosystem.

Various cases were delivered in 2020.

For the strategic goal best-in-class asset management, we have digitised the investment processes from traditional processes to smart algorithms and cloud solutions. As soon as the traditional processes are converted into programs such as Python, the process becomes less error-sensitive, audit trails are possible and there is improved input for making investment decisions. A voice-controlled service has been developed to achieve the ultimate client experience, in which pension-related questions can be answered and human dialogue can be conducted. This ensures that PFZW is available for participants continuously and repeated questions are intercepted via AI. A tool has also been introduced to ensure that a search engine is available for every department. This saves a lot of time. Finally an AI model has been developed to predict function profiles for the goal of enhancing connections with healthcare employers. An extremely valuable addition to the already existing dataset. The addition of function profiles offers employers more focused management information to address employment market issues.

Several data and new technology disciplines have joined forces within Pensioenbeheer. This strengthens the ambition to provide the ultimate customer experience and large scale customisation. Within the Data & Analytics department, the Data management Office (DMO) provides the basis for data. Good data management is essential if we are to grow to become a top-of-class data-driven organisation.

From this sound basis, the Data Science and Robotisation disciplines work in close cooperation to optimise processes and client journeys within Pensioenbeheer. The options for data-driven digitisation are clarified from both the client and the process perspective.

With new technologies, Data Science and Robotisation are capable of designing the client journeys in a data-driven way and in so doing raise the client journey as well as business operation efficiency to a higher level. Currently over 70 robots are actively used in business processes. Collaboration between Data Science and Robotisation can also enable the robots to be used for more complex actions. For instance, Optical Character Recognition (OCR) is used by Data Science to obtain data from (physical) incoming entitlement claims for Incoming Value transfers. The extracted data, originating from a large number of different pension insurers, are then entered into the system by a robot.

The Pensioenchecker

We continued developing the Pensioenchecker app in 2020. This app is a new tool that provides insight into the pension people will receive later. The app offers a total overview, including state pension and pension from other funds. The Pensioenchecker was created via an initiative of the Pension Federation, Dutch pension fund service providers and large pension funds including ABR, PME, PMT and PFZW. The Toekomstverkenner infrastructure which was developed earlier was used to build the app. The Toekomstverkenner allows participants to easily, quickly and securely see what impact early retirement or reducing their working hours would have on their overall financial situation. The app immediately won the PensioenWegwijzer award during the Pensioen3Daagse.

HR data portal

The PFZW HR data portal is now live. The Insight, Benchmark and Analysis modules offer insight to starting as well as experienced HR professionals on key figures relating to their personnel.

With the acquisition of Vernet it also became possible to link sickness absence data with the portal. This was supplemented with scenario thinking workshops, HR analytics and the scenario tool to provide employees with additional support in making the right HR policy choices. Finally, a partnership was established with the Ministry of Health, Welfare and Sport. This partnership supplies data to the labour market dashboard each month and we are working on customised requests such as providing overviews of personnel capacity in laboratories.

2021 will be all about the further development and growth of existing services. The development of the prediction module, the development of a best practice methodology and the roll-out of two learning networks are on the programme. This will provide employees with additional support in making the right HR policy choices.

Our employees

Flexibility and behaviour

A flexible organisation is an organisation that can implement changes efficiently and that experiments and innovates strategically. In a flexible organisation, the employees keep pace with what the situation requires of them. They are our key success factor in this context and help us become more customer-oriented, more cost-effective and more flexible.

Online workplace

At the start of this year and as a consequence of Covid-19, we took major steps to update our online workplace. This ensures that we can work online and independent of place. For instance all colleagues could and can work (together) from home during the lockdown period.

Working from home with the right digital resources



Rick Hagen, Product Owner & Team Lead, Solution Group Generic - IT Operations:

'In the battle against COVID-19 we decided to largely shut down the office in mid-March 2020. From that point onward, colleagues started working from home en masse. Working from home naturally has a significant impact on how we work with each other. There were no longer any physical meetings, we did not enjoy any informal chats in the hallway and we can no longer physically sit together to work on projects.

We have enabled PGGM employees to continue working with their colleagues even from their home office via online video meetings, chatting and file-sharing. The Digital Collaboration Team SGG played important role in facilitating, supporting and optimising the use of computer systems. As organisation, PGGM remained completely up and running. The use of these cooperation tools has really taken off in this period. Although the use of these tools was still limited in the fourth quarter of 2019, in the third quarter of 2020, 150,000 online meetings took place and there were over two million chats. And all this without noteworthy problems occurring.

The tools also provide continuity in business operations for larger meetings, product presentations and information sessions with both internal and external participants. Through the use of webinars these meetings could take place as usual, with as milestone the online meeting "Approaching Pension" on 4 November 2020 for the PFZW participants. With a turnout of 750 online participants and a high level of appreciation this is something for which we can be truly proud.'

The right people in the right place

Employees are continuously encouraged to work on their sustainable employability. This is how we promote inflow, throughflow and outflow. In 2020 the existing staffing of our organisation was again compared with the required situation over a period of a number of years. Both qualitatively and quantitatively. This creates a picture of the difference between the existing and required staffing, the difference analysis. On the basis of this we will steer the staffing together with the employees in the coming years, so that the right people with the right competencies and the right behaviour are in the right place.

Development of employees

The PGGM Academy offers education and training programmes that contribute to the professional growth of employees. These programmes should help colleagues continue to effectively carry out their jobs, or advance to another position within or outside our organisation. The courses provided by the Academy are based on employee needs and our strategic objectives. We work together with renowned trainers in this area, but we also regularly use internal employees to share the knowledge we already have in house. In 2020, almost 2,800 applications were received from employees enrolling in courses offered by the PGGM Academy. The greatest demand was for data management, knowledge in the context of mandatory expertise and pension knowledge. Managers received absence training to recognise signals among employees as a consequence of the new way of working and the pressure that can be tangible as a consequence of COVID-19.

PGGM has a trainee programme that takes two years. Six new trainees start in September each year. An important recruitment instrument is the annual PGGM business course that trainees organise themselves. In 2020 and due to the COVID-19 measures, the selection took place online via meet & greet sessions. Out of over a hundred applicants, we have selected six motivated and talented trainees from a diverse range of study backgrounds. The corporate, investment and quant trainees acquire a great deal of knowledge and work experience during these two years and also follow a personal development process. They work on various projects that are increasingly geared to their personal competencies and ambitions. In this way the trainee discovers the best place for him or herself within PGGM. Over 90 percent of the trainees remains in service at PGGM.

We consider it important that employees, on the basis of strength and with energy, work (together) on the objectives of PGGM and our clients. This requires employees to not only understand their profession, but also to work on their ability to change and to retain vitality. At PGGM, we do this with the 'Fit for the Future' programme. Employees are encouraged to think here about their 'match' with their work: how they can monitor and retain this. But also above the aspect of vitality: how can employees remain fit at work now that everyone in the Netherlands will be retiring later?

Working with more of a focus on results and relationships

In order to realise our annual targets, we invest in a professionalisation of the culture. We work in a result and relationship-oriented way. We also promote a climate in which colleagues work together throughout the chain, engage in dialogue with each other and confront each other about undesirable conduct.

Employees and training costs

	2020	FTEs	2019	FTEs
	Numbers		Numbers	
Distribution of employees by department				
Institutional Business	144	139	158	155
Pension management	622	581	492	447
Asset management	424	440	381	399
PGGM&CO Members' Organisation	15	14	17	15
Information, Finance, Control	236	227	358	350
Corporate Staff services	95	90	100	94
Total	1,536	1,491	1,506	1,459
Full-time/part-time distribution				
Full-time	1,132		1,104	
Part-time	404		402	
Total	1,536		1,506	
Male/female distribution				
Male	945		934	
Female	591		572	
Total	1,536		1,506	
Age distribution				
Under 25	24		26	
25-34	324		323	
35-44	408		399	
45-54	492		491	
55 and over	288		267	
Total	1,536		1,506	
Staff turnover				
Status at start of year	1,506		1,497	
Joined PGGM	179		189	
Left PGGM	-149		-180	
Status at year-end	1,536		1,506	
Sickness absence throughout the year				
	3.4%		3.0%	
Training expenses (* million)				
	€ 2.2		€ 2.9	

Working after COVID-19

We managed to get through the coronavirus period with PFZW and our other clients. It is now time to consider how our company will look after the pandemic. Eventually we will have COVID-19 under control. We are starting with vaccinations in the

Netherlands but even once we are all vaccinated it is impossible to imagine PGGM without homeworking. We therefore aim to reach an optimal mix of working from home and meeting each other at the office.

Diversity

Society is extremely diverse and we as organisation aim to reflect this. This will enable us to better understand the wishes and needs of our clients and their participants. That is why we express inclusive employment practice with the slogan: Diversity of Thinking. The EC aims for a complementary composition when appointing its members. This is included in the profile of the EC. This includes diversity in culture, age, education, work experience and gender.

The units take their turn

From 2020, each unit will determine itself how it aims to implement diversity and inclusivity. This can thus mean that different initiatives will be established within PGGM. The Diversity Board, under the chairmanship of an EC member, monitors the activities of the units and we challenge each other on diversity and inclusion progress. In this way we can retain overview and can learn from each other.

Gender diversity

The current composition of the EC satisfies the requirements for a balanced distribution of seats from the Governance Code, as this applied until 1 January 2020 (at least 30 percent of seats are held by women and at least 30 percent by men). Women make up 50 percent of the Supervisory Board. The percentage of women in management positions in 2020 was approximately 26 percent. We continue to monitor the figures, on the unit level and PGGM-wide.

Make It Possible

In 2020, PGGM continued to work hard to offer employment to people at a distance from the labour market. With the Make It Possible (MIP) programme, we offer work experience placements that match the qualities and work experience of MIP candidates. The starting point is not the job vacancy at PGGM, rather we proactively create real jobs at various places within the organisation for potential MIP candidates. Partly because of the

COVID-19 measures, a lot of time was also spent on keeping the existing MIP employees fit for employment.

Thirteen MIP colleagues worked at the organisation in 2020. The placement of MIP colleagues has proved difficult during the coronavirus period. In 2020, PGGM largely worked from home, which also had an impact on appointing MIP candidates. Trial placements have been tried for the first time. This proved positive; the candidates later started work at PGGM and worked longer hours. The MIP programme was also again discussed at length with PGGM's cooperative council. As shareholder the board continues to attach a great deal of value to the continued efforts on this programme, something the trade unions have also indicated.

Employee participation

Participation in decision-making at PGGM is the joint responsibility of the Works Council, management and employees. We use an employee participation model based on a modern and proactive view. Aside from the twelve core members of the Works Council, there is space for special members to provide input and help with decision making on one of the monitoring committees. The Works Council also makes use of relevant specific employee knowledge. This enables all employees, managers and the EC to become involved in requests for consent and advice.

2020 was an active year for the Works Council. Developments relating to the COVID-19 crisis demand a different approach and way of handling requests for advice and consent, which includes involving PGGM employees. A new Works Council started in October 2020: despite the COVID-19 restrictions, ten enthusiastic employees put themselves forward as Works Council candidates. Elections were therefore not necessary. The Works Council and Managing Director are working hard to fill the two remaining vacant Works Council member positions.

The Works Council was involved in a large number of cases in 2020, not only when this was required formally, but also when this was desired by the Works Council or the EC. For instance not only the current requests for advice and consent are discussed during part of the standard meeting, the Works Council and chairman of the Executive Board also speak freely with each other about relevant topics or developments within PGGM. Both parties have the opportunity to discuss dilemmas and share signals.

The effort of the Works Council and input from PGGM employees enables us to provide sound advice or a position on major and minor issues. Adopting additional and sometimes differing recommendations from the Works Council improves decision making. Signals from our employees sometimes prompt reconsideration of proposals. Their engagement and feedback in response to requests for advice and consent, as well as in the day-to-day decision-making is the key factor for successful and transparent employee participation.

Changes to the remuneration policy

We revised the policy on remuneration and assessment in 2020. Remunerating in line with the market and unlinking remuneration from assessment are priorities in this process. Instead of assessing and remunerating after the fact, in the new policy we focus more emphatically on personal development and growth, with attention on performance appropriate to the context of the work. The remuneration was also considered in relation to the market in this context.

We are looking at three reference markets in the future: the General Market, the Asset Management Market and the Back and Middle Office Market. We aim to remunerate at the median level on average in all markets. The new remuneration and assessment policy was introduced for asset management as of 2021. For our other employees, only the amended evaluation policy is being introduced in 2021. With respect to remuneration, further consultation will take place with trade

unions and employees in 2021. The policy in relation to one-year variable remuneration has also been amended at PGGM from 2021. From 2021 onward, not all senior employees from the asset management chain will be eligible for this form of variable remuneration, only employees working in a front-office position in the asset management chain. This one-year variable remuneration is capped at 20 percent of the fixed annual salary.

Deferred variable income

In addition to one-year variable remuneration capped at 20%, there is the possibility of granting deferred variable income (DVI) to a limited group of employees in the investment chain. DVI is a form of deferred remuneration.

This is paid out after a multi-year deferral period after the year in which the key performance indicators (KPIs) applicable to attaining the DVI were achieved. No particularities may have arisen since the granting of the DVI which could prompt discussion as to whether the remuneration should still be granted. The total of the one-year variable remuneration and the DVI on an annual basis can never exceed 100% of the fixed salary. The KPIs for the one-year variable remuneration and DVI must be derived from the objectives of the clients, PGGM, the business unit and the department. Also the KPIs must be for at least 50 percent based on non-financial criteria.

Variable remuneration paid out (x €1,000)

Distribution of variable remuneration by type	2020	2019
One-year variable remuneration in investment chain paid out *	4,079	3,780
DVI paid out **	1,142	1,048
Gratuity paid out	419	547
Total variable remuneration paid out ***	5,640	5,375

Number of beneficiaries

Distribution of number of employees per variable remuneration paid out	2020	2019
One-year variable remuneration in investment chain	210	199
DVI	35	31
Gratuity	156	202
Total number of beneficiaries	401	432

* Concerns one-year variable remuneration paid out relating to the previous financial year. One-year variable remuneration paid out in 2020 therefore relates to the 2019 performance year and one-year variable remuneration paid out in 2019 relates to the 2018 performance year.

** DVI paid out in 2020 relates to DVI awarded in 2016.

*** Amounts are shown exclusive of pension and social security costs.

Gratificatie

Employees who do not receive any form of individual variable remuneration can be awarded a gratuity on account of exceptional dedication and/or performance.

Environment and society

We are one of the biggest pension fund service providers in our country and are involved in four important societal developments. Firstly we administer the pensions of 4.4 million Dutch residents many of whom work in the healthcare and welfare sector. Secondly with the capital that we invest for our clients worldwide we influence what may grow and what may not. Our size and professional expertise also enables us to play an important role in future-proofing the Dutch pension system. Finally we can help the healthcare and welfare sector renew itself with our knowledge and data about participants who accrue pension via us.

A good retirement for 4.4 million people

Together, we administer the pensions of 4.4 million Dutch residents, many of whom work in the healthcare and welfare sector. As such, we are also responsible for winning the trust in one of the biggest and most important sectors for the welfare of the Netherlands.

When the intelligent lockdown became a reality in March 2020, our PGGM&CO members' organisation decided to switch the focus on helping the sector. At the peak of the COVID-19 crisis, all members received a weekly newsletter for fourteen weeks with up-to-date information, concrete tips and advice on persevering, fitness tips and stories of co-healthcare and care colleague's experiences. Many healthcare and care professionals felt supported and gave the initiative an average mark of 8.5 out of 10.

Added value for the healthcare and welfare sector

We have taken many initiatives to create added value for the healthcare and welfare sector during the coronavirus period. For instance, we are supporting Stichting Zorg na Werk in Coronazorg (ZWiC). ZwiC supports healthcare workers and families of healthcare workers who became ill or died as a consequence of working on the corona

care frontline, by offering financial as well as process support. We are also supporting Stichting Hulptroepen Alliantie by making personal protective equipment available, including face masks that meet the National Institute for Public Health and the Environment (RIVM) guidelines.

Research as foundation

To monitor employees in the healthcare and welfare sector during the COVID-19 crisis and to continue to add value for the sector, PGGM&CO conducted wide-ranging research throughout the sector in June 2020. Some nine thousand members took part in this. The research results offered considerable insight into the challenges facing employees at this time. For instance, we noted that the crisis has particularly impacted their mental health, with 58 percent experiencing negative consequences in this area. Physical fitness has mainly come under pressure compared with before the COVID-19 crisis. Where do the needs and challenges lie? Balance is the word that healthcare employees mention as their challenge. The needs lie in apparently basic issues: relaxing, sleep, healthy diet, setting boundaries. We have explored these themes in greater depth and given these a prominent position on our website and in our newsletters.

Stress the Boss

Fantastic initiatives can be developed even in (or because of) times of crisis and this applies to PGGM and PGGM&CO too. We joined forces with IZZ and PFZW to help healthcare professionals to stay mentally and physically fit. And we established the Stress under Control Platform. We work together with MGGZ (Militaire Geestelijke Gezondheidszorg) and ARQ IVP (expert in major events), Instituut Fysieke Veiligheid (IFV) and Het Landelijk Operationeel Team Corona (LOT-C). The platform focuses on professionals and employers in healthcare and welfare and has so far been visited by over 100,000 healthcare and welfare professionals.

Especially for PGGM&CO members: Attens

Despite (or perhaps because of) the COVID-19 crisis the Dutch market saw a huge demand for mortgages in 2020, which also had a positive effect on Attens. The Attens members mortgage has been specifically developed for employees in the sector and meets their specific needs. Unsocial hours allowances and overtime are included in the maximum mortgage amount, for instance. Over 10,000 people have already taken out an Attens members' mortgage. Over the past year we have also focused on further strengthening and awareness of the Attens brand within the sector and realised various new campaigns and client journeys.

Stand together with employers, in 2020 too

Employers are an important partner for us in helping to ensure that employees stay fit. That is more important now than ever. We are focusing first on employees' financial fitness because our own research has shown that 55 percent of healthcare and welfare employees has concerns about their current financial situation. 84 percent also has some concerns about their future financial situation. Moreover money concerns among employees results in reduced employment productivity, an average four extra days of sickness absence and increased work stress.

Bundel

We are joining forces with PFZW and PGGM&CO and have developed one central online point, a platform for social involvement known as Bundel. We use this platform to match sector employer requests with colleagues offering help. Our colleagues have sixteen social hours per year they can use for this. 350 colleagues registered following the introduction of Bundel in October and 60 colleagues were actively involved in activities in November and December 2020.

One of the initiatives on social platform Bundel



Cécile Rozé, corporate sustainability manager: 'One of the first Bundel initiatives was to make work easier for the care staff at Accolade Zorg, a care institution in Bosch en Duin close to our offices in Zeist. Twelve colleagues and I completed our sixteen social hours here. I help out every other Friday morning. We help out with all non-medical aspects in the department. At 10.00 am we serve coffee and cake, we then read to the residents, take them for walks, or go for a ride on the buddy bike. The gratefulness of care staff is one of the things that makes helping at Accolade so special. What we offer there as volunteers is attention. The attention that care providers would like to give but, because of all the administration and workload, they are not always able to offer. You see residents thriving under the attention you give, even if that's answering the same question fifteen times. Volunteers are vital for the care staff. Sometimes when a volunteer is reading a book to a group, the care staff can take a brief break together. This experience was completely out of my comfort zone and that makes it even more special. It is also fantastic to know that Bundel is meeting a real care need. People are so grateful and I am proud that I have been a part of this with Bundel and proud of PGGM for being an employer that co-facilitates this initiative.'

The in-person approach via Bundel was halted temporarily when the lockdown scaled up.

Prikkl

We also scaled-up our cooperation with Prikkl over the past year. Prikkl is a partner that offers insight, overview and solution directions relating to a person's personal financial situation. As a follow-up to the first pilot in 2019, we started pilots at five new employers in 2020. These pilots are still ongoing as due to the COVID-19 crisis they started in the second half of the year. The initial results are very promising and will continue next year.

Nederlandse Schuldhulp Route

As well as our cooperation with Prikkl, we started a pilot with Nederlandse Schuldhulp Route (NSR) at a large healthcare employer. Using a customised online dashboard, the employer receives anonymised insight into the financial health of its employees. NSR and PGGM&CO also offer the employer concrete interventions and solutions to help employees regain control of their money. The initial reactions are positive and promising as these kinds of figures offer employers direction and concrete insight. The

addition of this new pilot enables us to continue to build on our employer proposition of cooperating with employers to ensure that healthcare and welfare professionals are and remain fit.

The fight against dementia

We have worked together with Alzheimer Nederland (AN) in recent years to raise awareness about dementia. We donate money for research and organise various activities and campaigns to focus on dementia and informal care. Together with AN, the Netherlands Federation of University Medical Centres and the Association of Dutch Health Insurers, we launched the Deltaplan Dementie, the Dutch national plan in the fight against dementia, in 2013. Deltaplan Dementie was concluded successfully in 2020. The Deltaplan Dementie approach actually resulted in the September 2020 launch of VWS's new National Dementia strategy 2021-2030.

We are searching with Alzheimer Nederland for new forms of partnerships in which the social efforts of our colleagues are key. In this context, we will be participating in the ABOARD project as

knowledge and expert partner. This project focuses on the stage prior to dementia, where the patient is in control. The ABOARD mission is to make a flying start with personalised medicine for Alzheimer's, by taking all the preparations for effective, patient-oriented diagnosis, prediction and prevention. ABOARD realises this mission with a multi-disciplinary consortium of 32 partners. We will mainly be involved in developing and implementing e-health and health applications to support patients, their relatives and professionals.

Liveable world

We believe that money is a driving force, with which we can push the environment and society in the right direction. We are also working hard to further reduce our own ecological footprint.

Sustainability agenda

With our core activities and strategic agenda, we are making a positive impact on SDG 1 (no poverty), SDG 3 (good health and well-being) and SDG 13 (climate action). The other SDGs are part of PGGM's responsible basis. These three SDGs are translated into concrete themes that connect to the PGGM strategy. These themes enable us to further shape our positive impact on sustainability.

SDG 1

SDG 1 (no poverty) is strongly associated with our mission to contribute towards ensuring good pensions in a liveable world. For us a positive impact on this SDG is expressed in our role and commitment to the design of the new pension agreement, in our role as guide towards participants and in social involvement with respect to financial literacy and combating other forms of poverty.



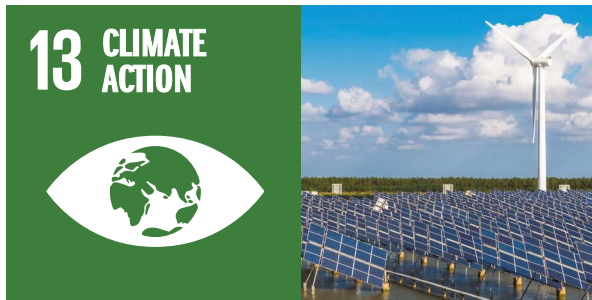
SDG 3

SDG 3 (good health and well-being) is part of our DNA as a fixed value in the healthcare and welfare sector. We provide a significant contribution to our own employees' vitality and to labour market issues and vitality within the sector. Focus points include using our unique, independent position in the healthcare and welfare sector to make parties stronger and use the social involvement of our employees to support healthcare and welfare parties with relevant knowledge and/or competences that they lack.



SDG 13

SDG 13 (climate action) underlines our responsibility for a liveable world. We are setting ambitious goals on the impact of our business operations and are actively involved in investing capital in sustainability. From a clear climate strategy, we demonstrate internal and external leadership to consolidate and accelerate climate agreements.



Responsible basis

Part of the sustainability agenda is to create a responsible basis, in which we aim to minimise the negative impact and, where possible, increase the positive impact. In 2020, we paid specific attention to four SDGs from the responsible basis, these are: Diversity (SDG 5), Inclusivity (SDG 10), Sustainable Procurement (SDG 12) and Transparency (SDG 16). With respect to diversity and inclusivity we are working with a diversity board. The units have started working on this theme and have presented their action plan to promote diversity and inclusivity. The Diversity of Thinking communications campaign within PGGM was launched on Diversity day 6 October. Together with the procurement department, procurement criteria were tightened and the Corporate Social Procurement policy (MVI) was recalibrated. In the context of transparency, for this annual report we have recalibrated the materiality matrix and the value creation model.

Sustainable business operations

Our ambition is to make our business operations more sustainable and minimise the carbon footprint of our business operations. We are working on various topics to realise this reduction, including with facility management, mobility and business flights. We are also compensating the residual emissions that remain.

Facility Management

We have had an A energy label for the PGGM building since 2019. We therefore amply satisfy the statutory obligations in time. The BREEAM-NL In-Use certificate with the qualification 'very good' for the components of Asset, Management and Use was extended in 2020. This is extra confirmation that we not only have a sustainable building, but that we also manage, use and improve it sustainably. Using new technology will enable us to handle our energy more efficiently, we will be producing part of our heat demand sustainably through the use of aquifer thermal energy storage and are generating our own energy via solar panels. In 2020, additional solar panels were installed on the PGGM roof, bringing the total to 838 panels. These generate an annual 191,630 kWh, which is equivalent to the electricity consumption of 70 homes, or is similar to driving 1,197,689 kilometres in an electric vehicle. This is how we concretely fulfil the government ambition of ensuring an energy-neutral environment in 2050 as well as the Paris Climate Agreement objectives.

Mobility

We are a member of Anders Reizen, a coalition of 62 companies with a policy of halving the carbon footprint of their mobility by 2030. We committed ourselves to this objective in December 2019. Emissions per FTE in 2016 is our reference point for CO₂ emissions. This will be used to measure and report on the extent to which we achieve this ambition. Over the past year, due to the COVID-19 crisis, our colleagues' mobility has fallen significantly, both in terms of commuting traffic and business flights. Various steps were taken in 2020 for a structural reduction in CO₂ emissions. We were already working with increasingly lower CO₂ norms for using our lease vehicles. With the new lease scheme that came into operation on 1 June 2020, colleagues can now only select electric lease vehicles. This will mean that our lease fleet will be entirely fossil fuel-free by 2025. The new commuting budget is responding to hybrid working, which is expected to continue even after the coronavirus situation has ended. This replaces the former travel budget. The allowance that colleagues receive depends on where they work (home or at the office) and contributes to PGGM's ambitions to reduce our carbon footprint by 50% and to ensure a better work-life balance and more vitality. This travel policy uses financial incentives to stimulate people to use a bicycle if their office commute is a shorter distance.

Business flights

We aim to reduce our emissions through flights by flying as efficiently as possible, flying business class less and taking the train as standard to European destinations such as Frankfurt, Hamburg and Paris. Nevertheless we invest for our clients across the world. It is essential that we build knowledge and a network, to ensure that flying supports our investment decisions. The key challenge here is to make our travel movements more sustainable. In 2019, 81 percent of our emissions was still caused by our mobility, our car kilometres to the office and flying around the world to invest for our clients. It is expected that this will increase again in 2021, following the COVID-19-related decrease this year. Together with

our colleagues, we are seeking creative solutions and best practices to travel less and cleaner and at the same time continue to safeguard our service quality. For example, together with our colleagues we are currently investigating what the current COVID-19 crisis has taught us about any new permanent ways of working.

Bio kerosene

We have been investing in making our flight movements more sustainable since 2013 by purchasing Bio kerosene via the KLM biofuel programme. One litre of bio kerosene emits 75 percent less CO₂ compared with fossil fuel kerosene. KLM's bio kerosene is made from responsible biomass, for example from frying oil waste from the food industry. The bio kerosene is mixed with fossil fuel kerosene on various flights, as the technology for flying entirely on bio kerosene is not yet available. The purchase of biofuels enabled us to realise a 36.3 tonnes CO₂ reduction in 2020, which is 8.7 percent of our total flight emissions.

CO₂ emissions

The corona crisis also resulted in 2020 being an extraordinary year in terms of CO₂ emissions. As people were working at home and not travelling, our carbon footprint for car use, flights, public transport and water fell significantly. The total carbon footprint was 2,496.3 tonnes CO₂, an absolute decrease of 53 percent compared with 2016. Total CO₂ emissions per FTE were 1.67 compared with 2016, representing a reduction of 57 percent. Emissions per FTE in 2016 is our reference point for CO₂ emissions. This will be used to measure and report on the extent to which we achieve this ambition.

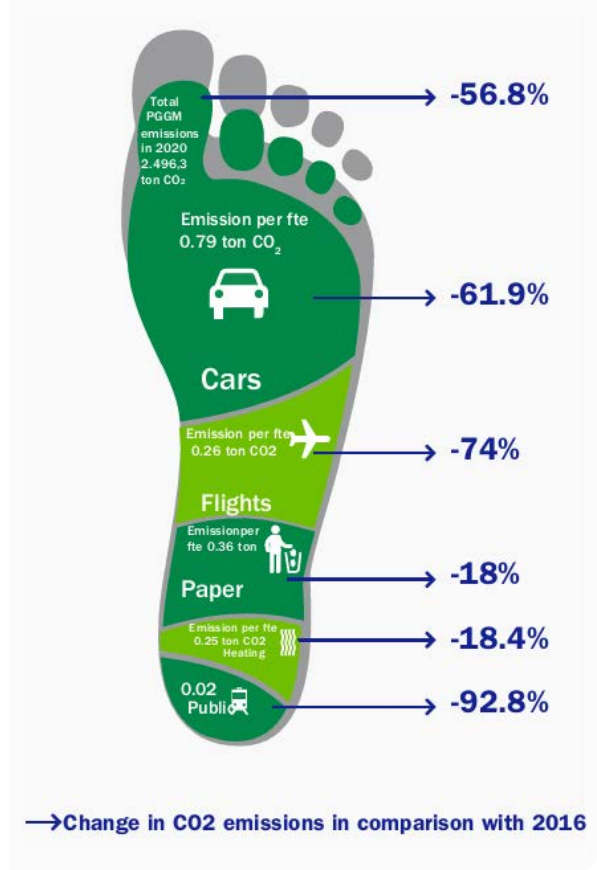
With the decrease obtained this year, we have easily achieved our ambition. This decrease is not representative for the long term, however, and we are committed to structural CO₂ reductions. We are doing this by consolidating lessons from the previous year, such as continuing to facilitate homeworking and online meetings.

Car use and paper are the two biggest emission categories in this extraordinary year. In previous years, these were car use and flights. Only a very limited number of flights have been taken since March 2020, resulting in a decrease of 74 percent per FTE compared with 2016. As we have travelled to the office less, our car use emissions have decreased by 62 percent compared with 2016. The decrease in emissions due to paper had already been decreasing steadily in recent years and continued in 2020 with a decrease of 18 percent compared with 2016. The heating problems we experienced in 2019 following technical problems with the sustainable heat systems were resolved this year. This resulted in a decrease in natural gas consumption (18 percent per FTE compared with 2016).

CO₂ compensation

As well as working to reduce CO₂, we are also compensating the residual emissions that remain. We entirely offset our carbon footprint by investing in the Gold Standard Cookstove project in Uganda. 90 percent of households in Uganda still cook over an open fire, which not only causes serious deforestation but also harmful effects for health. The Cookstove project makes efficient wood ovens available which require up to 50 percent less wood for cooking. In addition to the CO₂ saving this ensures, the project contributes to health and better living conditions for the local population. Investing in the Cookstove project saved over 1 million kg in wood in 2020, and 13,500 people are benefiting daily from cleaner indoor air. This ensures that we are CO₂ neutral.

CO₂-footprint PGGM 2020 in compassion with 2016



Future of the pension system

Our size and professional expertise enables us to play an important role in future-proofing the changing Dutch pension system, which is currently undergoing substantial changes. This will need to become more flexible and respond better to people's individual lives.

Two years ago in our future strategy, we started from four scenarios for the development of our pension system; scenarios that mainly related to the extent to which the current mandatory participation would be retained. Looking at the scenarios most likely to remain, it now seems that mandatory participation will be retained. That is good news, because this mandatory participation ensures that, globally, we are the country with the lowest poverty levels among older people.

And yet that future is still uncertain. Clients still need to comment on the choice they are making for a new pension contract. They will do this in mid-2021. And despite the fact that the new pension system still needs to be further developed, it is clear that this will have an impact on our proposition and business operations. Initiatives have been started in the meantime to prepare the organisation for different future scenarios. These initiatives are aimed at, among other things, improving agility and manageability and stimulating working under architecture.

New legislation

The sector is also facing different pension legislation. At the end of 2020, the government (Eerste Kamer) adopted a legislative proposal that enables participants to opt for a one-off payment on their retirement date. The pension distribution system following divorce will also be amended. This will also impact on our proposition and business operations.

Future of healthcare and welfare

We have a wealth of knowledge and data about participants who accrue pensions with us. We can use this to help the healthcare and welfare sector renew itself and contribute to a sector in which the people who work there do so with enjoyment and continued vitality.

Working in healthcare and welfare

We also use our expertise in labour market data, financing issues and supplemental personnel services for attractive employment practices and work enjoyment, and we contribute to a future-proof healthcare and welfare sector.

With the Werken in de Zorg (Working in Care) action programme, the focus of the Ministry of Public Health, Welfare and Sport is fixed on the labour market for a few years. Following our joint strategy, a number of stakeholder tables were organised by PGGM and PFZW together with managers from this sector. Open discussions were held here regarding the issues facing the healthcare and welfare sector. We are strengthening our network in The Hague for this. We use our knowledge and experience to help employers with their HR policy. For instance, last year we organised the Seneca Congress for the twentieth time, with a focus on the theme of new valuation.

The Ministry of Health, Welfare and Sport tasked the Centre for Labour Relations for Government Personnel with producing an action plan, together with laboratory field employers, professional associations and study programmes, to safeguard lab personnel capacity in the future. We worked with PFZW and the FWG foundation on an eight point action plan, supplemented with communications advice. This offers a roadmap that could also be used for other staffing bottlenecks.

Het Potentieel Pakken

Het Potentieel Pakken foundation, formed in 2019, aims to optimise women's potential on the Dutch labour market. The objective is to promote women's economic independence and resolve employment shortages in sectors in which many women work, such as the healthcare and welfare sector. To achieve this, the foundation developed innovative and concrete initiatives including Contract Expansion in Healthcare and Welfare.

Together with four healthcare and welfare institutions, so-called Living Labs, Het Potentieel Pakken developed an innovative approach to better enable contract expansion in healthcare and welfare in order to reduce the employment shortages. Together with PFZW, we have been partners since the beginning and have helped to develop this approach. The first results of this approach became clear in 2020; actual contract expansion was realised within the Living Labs, the developed approach was further honed and made scalable and the approach received a lot of attention in The Hague. The 'Part-time in Healthcare' report from Het Potentieel Pakken foundation was presented to the Minister of Education, Culture and Science at PGGM on 13 February 2020.

Together with PFZW and Het Potentieel Pakken foundation, we are planning to further consolidate and expand the strategic partnership in the coming years.

Active involvement in developing European policy

Our choice to contribute actively to the European capital market union and legislation with respect to sustainable financing, is motivated by the fact that the Dutch pension sector has a prominent position in the European financial landscape. This calls for an open and constructive attitude toward the policy makers in Brussels.

We participated in the High Level Forum in 2020, which focuses on strengthening the European capital market union. We aim to ensure that pension fund participants receive the benefits that a capital market union can offer.

We provide input for regulations for Balance Sheet Synthetic Securitisation (securitised loans remain at the bank), to enable pension funds to invest responsibly in bank loan portfolios with sufficient risk awareness. We collaborate with various European pension parties in an initiative to set up a European Pension Register (European Tracking Service), allowing employees with cross-border employment contracts an easy way to inspect their entire pension accrual.

We are also active in the EU Sustainable Finance Platform, which will be taking new initiatives for investors and companies to promote the sustainable increase of capital and production.

Social partners

The social partners are following us with interest for mutual connection on certain subjects or to contribute to solutions that can impact employees' sustainable employability.

Risk management.

The importance of good risk management

Effective risk control and transparent and clear accounting are important components of our business operations. That's not only our opinion, but is something our clients, supervisory authorities and, to an increasing extent, society find important. We also see an increased focus on non-financial risks. Examples are themes such as cyber risks and securing our data, safeguarding employee and pension fund participant privacy, handling sustainability themes in our business operations and in implementing our clients' investment instructions, such as the climate risk. Another example is the reputational risk and the associated trust that stakeholders and society have in the pension sector in general and in us as large pension fund service provider, in particular. Risks that could harm this trust are avoided or mitigated as far as possible. In other words; the risk appetite for this is low.

Good risk management starts with a culture and good example from the top, in which risks are consciously and carefully considered and the importance of effective risk management is recognised. In controlling risks, it is important not only to look at procedural measures and system engineering measures (hard controls) but also at culture and the human factor in managing of risks (soft controls). In the risk conversations and when handling any interruptions and incidents, both aspects must receive attention.

At PGGM we have a permanent and integrated risk management process in which all of these aspects are addressed and in which the risk assessment and risk conversations are carried out at various levels throughout the year.

PGGM risk framework

We developed the PGGM risk framework as a structure to enable active risk control by making risks clear, taking action on them, monitoring the development and reporting on them. This framework is based on the internationally accepted standard COSO Enterprise Risk Management framework. To determine whether and to what extent we wish or do not wish to run a specific risk, the EC and the Supervisory Board determine our risk appetite in the Risk appetite statement. This risk appetite provides the framework for risk management and decision making and contributes to an active and aware risk culture. For the risks recognised in the PGGM risk framework a 'low' risk appetite generally applies. A different risk appetite applies for specific risks.

Management and control of risks at PGGM

Risk management.

The risk management process is a continuous improvement cycle in which we implement measurements, evaluations and adjustments daily, per quarter and annually according to the PDCA-cycle: Plan, Do, Check, Act.

Risk governance

- Three lines of defence
- supervisory board – EC – unit risk committee - corporate risk committee

Preconditions

- Laws and regulations
- Products and services
- Mission and vision
- Strategic goals
- Risk appetite

Risk management



Information, communication, reporting

- GRC tooling
- Risk nformation
- Findings
- In Control Statements
- Risk reports
- Performance reports
- Accountability reports

Policy and organisation

Internal control environment



PGGM risk language



Soft controls

Risk	Control				
	High	Low / Medium	Medium	Medium / High	High
High	High	High	High	High	High
Medium / High	High	High	High	High	High
Medium	High	High	High	High	High
Low / Medium	High	High	High	High	High
Low	High	High	High	High	High

Hard controls

• (Financial) results PGM

Risk appetite

The EC determines the risk appetite at least once a year. We use risk cards to determine the risk appetite. If the current risk is higher than the risk appetite, we take extra measures to ensure that the risk is brought within the risk appetite again within a reasonable period. Plateau planning has been incorporated in the risk report, which enables monitoring of whether and when this measure will result in the intended net risk (risk after control). This plateau planning is updated every quarter and discussed in the risk committees and the EC and is included in the report to the AC and Supervisory Board.

Risk identification

Periodically, or on an ad hoc basis if there is reason to, the Risk management department aligns the various risks with the organisation to determine whether all relevant risks have been recognised. This is known as the risk identification process. We use the PGGM risk language for this, which enables us to name and interpret risks using the same language. Each risk is translated into a risk card. This is a document in which the risk is described according to PGGM's risk language with an assigned gross risk (based on likelihood and impact) an aimed-for net risk (appetite) and the way in which this risk will be mitigated. The mitigation method includes various instruments including hard controls (procedural measures) and soft controls (behavioral and cultural aspects). Senior Managers manage the risk cards and the ownership is held at EC level.

Risk assessment, management and monitoring

The Risk & Compliance department produces a risk report at least once a quarter in which it presents the current risk profile. Enterprise risk management supplements this with discussion points for management. This concerns the past as well as the coming quarters. This process also focuses on operational incidents and other disruptions, with as main goal to learn from them, discover trends and discuss and address underlying root causes.

As well as the general risk themes, compliance, privacy and cyber security are also discussed. The core of these risk discussions is that the responsible directors discuss the risks together carefully, determine whether these fall within the risk appetite and discuss the extent to which our risk management is under control. The business unit directors and EC issue a control statement each quarter based on the quarterly risk report. Actions for additional risk management are also defined, where necessary.

The reports of the risk discussions in the various business units are combined into a PGGM-wide risk report. This is presented for discussion to the EC and Supervisory Board as an integrated report with financial accounting. Our clients receive a client risk report including a report of the PGGM risk report, supplemented with specific risk themes for our clients.

Risk evaluation

We regularly reflect on the effectiveness of control measures in various risk discussions. The objective of this is to design and apply risk management in the most efficient and effective way possible. We evaluate risk attitude at least once a year and we also evaluate so-called worst case scenarios once a year, including the way in which we could mitigate as far as possible the consequences of such a scenario.

Business continuity, business impact analyses, fallback possibilities and crisis management manuals are also evaluated at least once a year, or more frequently if necessary. The crisis management team was active at the start of the COVID-19 pandemic outbreak and an evaluation was conducted when the crisis management team was downscaled. Internal Audit evaluates the entire risk management framework at least once a year (first and second line risk management) and produces a report on this for the Executive Board and AC. The findings and recommendations that flow from this are included in the next year's plans for the first and second line risk management. The assessment of the audit for 2020 was 'sufficient'. The most important improvement point for 2021 is strengthening the first and second line monitoring.

The most important features of the management and control system of the company, in connection with the process of the company's financial reporting

A framework of internal control has been described, accounting papers are being prepared, there is a segregation of duties, a monthly closure takes place and reports are prepared by control. This is in addition to the internal control as described in the standard reports (previously ISAE) 3402 and 3000A.

Demonstrable quality of processes

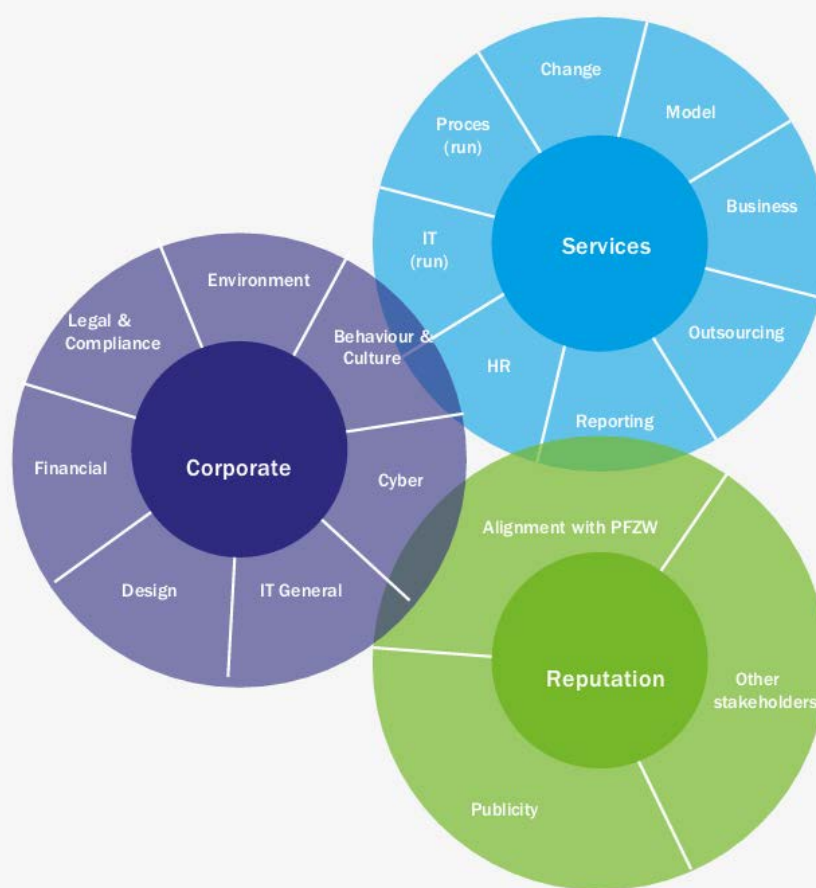
The service provision to our clients goes hand in hand with taking conscious risks. To mitigate these risks, measures have been taken to safeguard the control of our processes as far as possible. We do this via implementing things such as periodic audits. For these we issue Standard reports (previously known as ISAE) 3402 and 3000A.

These concern the service provision for asset management and for pension management.

The external accountant provides assurance on the reports. For IT and cyber security processes, ISO norms and certifications apply to IT service management, information security, business continuity and quality. We are accountable for this. For the limited number of incidents that took place in 2020, we conducted an investigation into the root causes of these incidents and took measures to prevent such situations arising in the future. [No incidents occurred that led to a qualification in the Standard reports.

Quantifying risks and required capital

PGGM is not a bank or insurer and does not need to retain capital for the various risks. However, this does apply to Vermogensbeheer, which must comply with the ICAAP requirements of the DNB. We use an annual ICAAP process to determine per risk whether this requires us to retain extra capital above the minimum required capital buffers for an asset manager. This process results in the required capital, which is retained within Vermogensbeheer as equity. DNB assesses the adequacy of the capital each year. The 2020 review of this did not give rise to any noteworthy observations. We have taken various measures to absorb the financial impact resulting from one or more risks. First, agreements were made with our clients regarding liability. We are also insured for various forms of damage. As well as insuring the physical property, damage can arise from such things as liability or cyber-attacks. PGGM N.V. retains equity for the impact that does not fall under insurance or the financial impact resulting from other risks. The specific guidelines for this are recorded in the Equity Policy. We aim to retain a sufficient buffer so that we can absorb the impact of worst case scenarios for as long as possible, without this immediately jeopardising business continuity.



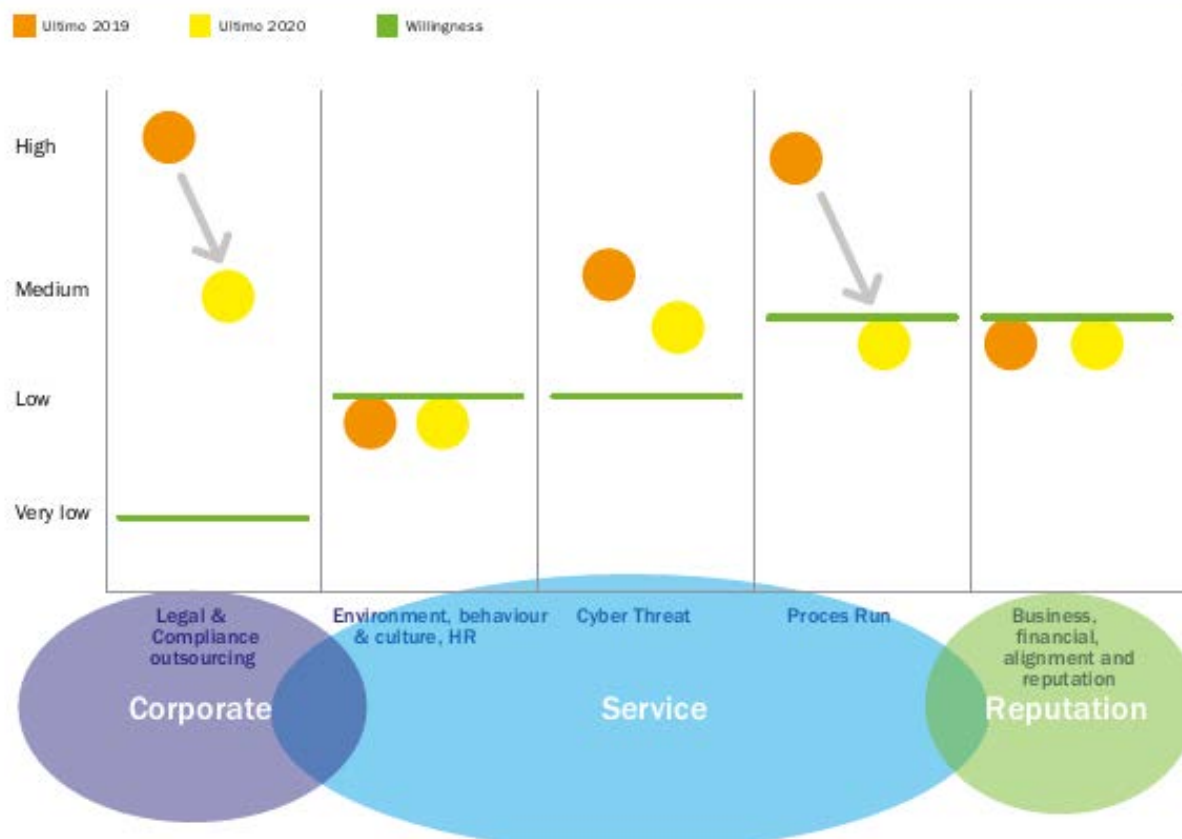
The PGGM risk language distinguishes 18 types of risk

Developments of the risk profile in 2020

The PGGM risk framework distinguishes risks resulting from standard business operations, risks that arise from the service provision to our clients and risks that relate to reputation and social support. In total, the PGGM risk framework distinguishes eighteen different risk categories. The EC recalibrated the 2020 risk appetite at the end of 2019. For the risks that lay above the risk appetite at that time, the EC formulated a plan to ensure that these risks are brought within the risk appetite within a reasonable period; generally one year. Plateau planning was established for this, the progress of which is discussed at least once per quarter. Risk management assesses this plateau

planning for feasibility and monitors the result. After making up the balance as of 31 December 2020, there are still various risks that exceed the risk appetite. We can state here that the measures taken helped bring the risk profile closer in line with the risk appetite and that a downward line started. We expect this trend to continue in 2021. We also see that risks are dynamic and place increasing demands on our organisation. Examples of this are the cyber risk and demonstrating compliance with laws and regulations. The management of these demands more effort each year, as the requirements and risks increase each year in both areas.

Highlights development of risk picture



Main risks and uncertainties in 2020

In supplement to the outlined development of the overall risk profile, we highlight a number of specific risks and uncertainties which left their mark on the risk profile in 2020.

COVID-19

One of the biggest risks we faced in 2020 was the COVID-19 pandemic. This pandemic manifested itself in various other areas in our operations. In the first instance, there was the social impact of the pandemic, the huge pressure on the health care sector and the impact of the measures on us all. When it appeared in February that COVID-19 had spread rapidly across the world, the financial markets panicked. Share prices fell sharply, raw material prices – particularly oil - fell and interest rates also decreased. The financial crisis team within the Vermogensbeheer department acted effectively and proactively in discussions with all clients on whether additional measures were

necessary. No noteworthy incidents occurred at PGGM nor at our external asset managers as a direct consequence of COVID-19. Following the first decrease, the markets largely recovered during the course of 2020. The coverage did, however, end up much lower than at end 2019 because of the significant decrease in interest rates.

The crisis management team (CMT) was activated to ensure that the transition from working at the office to working from home ran without service provision interruptions and without our clients being affected by this. We took various measures to ensure that the transition of over 1,500 employees to working from home ran smoothly, and above all securely.

As well as IT and cyber risks, there was a considerable focus on employee welfare and on offering a homeworking situation that is responsible in terms of occupational health and safety aspects. At the start of the third quarter, the CMT was scaled down and evaluated. From the start, risk management cooperated in the operational support team under the CMT in managing this crisis, implementing risk assessments and playing a coordinating role.

Also within PGGM, the HR risk was heightened in 2020, mainly because of the impact of COVID-19 and the impact that the measures have on our colleagues. The transition to working from home went smoothly but there was a continued extra focus on employee well-being throughout 2020. We took extra measurements among colleagues; managers were trained to recognise certain signals and there was an increased focus on communication.

New pension system

The social discussion on changes to the pension system in 2020 resulted in determining the most important starting points for the new pension scheme. Together with our clients we are helping to prepare for the new pension scheme and manage the associated risks. Risk management has implemented various risk analyses on the impact of the route towards the new pension scheme implementation. The transition to the new pension scheme will have a major impact on our proposition and business operations. Potential accumulation of new regulations in both the current and new pension system will increase the complexity and risks of this long-term transition. In close cooperation with our clients, we have established a programme for effective translation of these developments into strategy and business operations.

Threatened reductions

The continuing low interest rate in 2020, combined with the COVID-19 pandemic's impact on investment results put pension fund coverage levels under more pressure. The introduction of new reference rates as basis for the account rate

as of 2021 has had a negative effect. Although no reductions were necessary as of 31 December 2020, a series of reductions continues to be a possibility for the funds we serve. This could result in increasing complexity of the pension administration and a reduced social support base. We are well-prepared for any reductions. We will continue to monitor the risks now and in the coming years with respect to the complexity and practicality of regulations in the event of staggered reductions.

Impact of Brexit

We prepared our business operations for the consequences of a (no-deal) Brexit. Risk analyses and control measures were charted out in 2019 and applied to the extent possible in 2020.

Examples of this include the contractual move of derivatives positions - which we hold with financial parties based in the United Kingdom - to EU27 hubs set up for this purpose by those financial parties, but also the re-evaluation of broker relationships. The current developments in relation to a Brexit deal that was concluded lower the risk profile. We actively monitor the practical effects of the Brexit agreements for PGGM.

Demonstrable compliance with laws and regulations

We implemented a programme in 2020 in order to better demonstrate our compliance with laws and regulations and to enhance the robustness of the compliance framework. A compliance roadmap was used to take various subjects to a higher level. Examples include the tender process and the Markets in Financial Instruments Directive (MiFID II). A programme was also implemented to concentrate our business operations and the underlying design principles on Compliance by design. Risk management intensively monitored and supervised the implementation and results of these processes.

The tender process was an important project in this connection. During 2020, the risk on tenders was higher than the risk appetite. The causes included an outdated tender policy, localised understaffing and new, more extensive requirements from supervisory authorities regarding tenders. We updated the policy during 2020 and brought this in line with the DNB tender requirements. The Procurement department was also strengthened. The project was concluded in the fourth quarter of 2020. In the first quarter of 2021, we will use an audit to demonstrate the effectiveness of the new policy. A consequence of these actions in 2020 is that the risk of being unable to demonstrate compliance with laws and regulations decreased. The risk was still above risk appetite at end 2020. We are expecting a further decrease of this risk in 2021.

Business, financial, alignment and reputation

The pension landscape is undergoing rapid change. Many funds are searching for lower implementation costs. Our strategy focuses on a strong choice for the health and social care sector and on serving our current clients. As a consequence of this, we discussed and agreed the position and continuity of our services with our clients.

We said goodbye to Philips in 2020. This settlement is running smoothly. We aim to offer our services at an extremely competitive level. In cooperation with our clients, we are active in stakeholder management, in which we continue to monitor the client relationship, satisfaction and media exposure. Reputational risks and measures to reduce these risks and utilise the opportunities, are actively monitored and followed-up.

The financial risk is low, partly because we have been able to make long-term agreements with PFZW for asset management and pension management services.

Service provision (Process and IT)

The impact of the COVID-19 pandemic on effective and safe implementation of investment activities was manageable over the past year. Within Vermogensbeheer, the central treasury activities were replaced with client specific treasury activities. This extremely complex process was monitored closely by risk management from the start. Multiple risk assessments were carried out and various additional checks were carried out during the implementation. The project was ultimately delivered at the end of 2020 in accordance with planning and without noteworthy incidents.

The complexity of the pension schemes that we administer increases the risk of errors. In managing this risk, we are focusing on strengthening systems and on reducing complexity. To this end we designed the new Product & Service Architecture in 2019 and we started implementing this. Rationalisation of products and services is taking place in consultation with our clients. This activity has produced important results for pension management in 2020.

With an updated process and IT landscape we are ready for the implementation of the new pension scheme. Although the change capacity in the coming years will be under considerable pressure, the risks are predictable and within our risk appetite. Choices in legislation with respect to the existing and new pension system can form a risk in the coming years, for example if these changes increase complexity.

Data management

Our service provision is largely based on data. The importance of good data quality and good data management is high. Within all units we paid close attention to improving data management in 2020 as part of the DNB 'Good Practice Robust Pensions Administration' implementation. It is expected that the design, existence and operation of the data management programme will be completed for the critical data for all units in 2021.

Cyber threats

In relation to information security and (cyber) security, the threat level continues to rise worldwide. The effectiveness of measures for ourselves and our stakeholders is a constant priority. In 2020, we implemented a range of measures to structurally reinforce security, such as several upgrades to hardware and software, the performance of penetration tests and keeping personnel alert to cyber threats, such as phishing. On the basis of the PGGM Security Control Framework, we actively monitor the maturity and demonstrability of our security processes. Although the cyber risk was still above the risk appetite by end 2020, the risk profile is moving in the right direction.

Expectations for the risk profile in 2021 and beyond

We expect that COVID-19 will still have impact on business operations in 2021, particularly on our people. We will continue to work with Vernet and other services to support the health and social care sector where possible. As outlined previously, developments in laws and regulations and the rapid developments relating to cyber risks, will influence the agenda.

A positive development is that the coverage of PFZW and other clients is sufficiently high not to have to introduce any reductions in 2021. On the other hand, the introduction of the new pension system, combined with the chosen route of further rationalising the pension administration, will influence business operations as well as the risk profile. At Vermogensbeheer, as well as more longer term programmes, such as the Investment Policy 2025, projects are also planned for 2021 to prepare the Vermogensbeheer department for the new contract forms in pensions.

Our asset management and pension management must also continue to demonstrably comply with all requirements set by laws and regulations. For 2021, there is an additional focus on climate risks and transparent accounting for this. These projects will also influence business operations.

As well as the standard activities, in 2021 risk management and compliance has paid additional attention to expanding the monitoring tasks, further implementing integrated findings management in the PGGM-GRC system, Cerrix, the accelerated removal of the backlog at model validation and the further design of the risk management platform for our clients' investment teams.

Risk appetite statement

In this chapter, we briefly explain the risk appetite for 2021 for the three risk clusters (corporate, services and reputation).

Corporate

The Dutch pension landscape will change drastically in the coming six years. A solution direction has been formulated in the achieved pension agreement for those questions to which the current pension system has insufficient answers. This concerns social developments, such as greater labour market flexibility, individualisation and the call for greater transparency. Added to that, the persistently low interest rates are putting the system under financial pressure.

Together with PFZW, we are attempting to retain as many strengths of the current system as possible, but ultimately it is the social partners and, finally, politicians who decide on the future of the system. We are operating in a rapidly changing environment. This requires that we look more from the outside in, embrace technological developments faster and work ever more closely with partners.

In order to remain relevant, it is important that we continue to provide Dutch pension funds with excellent services for fees at commercial rates. Innovative strength and entrepreneurial spirit are also needed to prepare for the future. We have charted out this uncertain future in four scenarios which, among other things, differ in the degree of mandatory participation. We have developed a strategy for each of the four scenarios. For important investment decisions, we examine whether these are robust enough in the four scenarios. Based on the starting points for the new pension system, the scenarios will be reassessed for relevance in 2021. It is expected that PFZW will provide more clarity in 2021 on the choices to be made regarding the new system. On the basis of this, we will tighten our strategy and adjust the corporate risk profile accordingly.

We will also hold consultations with other clients regarding the choices relating to the new pension system and its implications.

Our organisational setup and management must match the needs and requirements of our main stakeholders, such as PFZW and the supervisory authorities. We wish to assign responsibilities to the lowest possible levels in the organisation. This calls for an organisation with clear communication, consultative and decision-making structures. We also aim to increase customer orientation and entrepreneurship in the management of the company with the introduction of a new management model 'Control 2021'. This places responsibilities and authorities more explicitly with the business units. If we are to absorb any losses, we must maintain sufficient equity. We have a minimum equity requirement policy. In view of the size of our equity in relation to the assets that we manage for our clients, liabilities must be limited and/or insured

Service provision

The processes must be designed to enable us to meet demand for customised services and differentiation (with different pension schemes) effectively. For this purpose we have established customer-oriented teams which will be able to meet client requirements with a high degree of flexibility. We aim to use the scale of the organisation by standardising processes wherever possible. This will make us more of a 'mass customization factory', in which client-specific solutions can be facilitated without everything having to be customised for every client. This calls for a carefully-considered architecture in which customisation is the aim, while retaining economies of scale.

Vermogensbeheer has taken a first step towards mass custom work with its mutual funds. In the coming years, the organisation will continue to prepare to make the product package suitable for the various scenarios of the future pension system for the different types of clients.

We aim to provide best-in-class asset management service, in which Vermogensbeheer must always measure up to the best quartile of (integrated) asset managers. In replacing the basic administration, Pensioenbeheer took an important step towards mass customization. This has laid an important foundation for the operation of the new pension scheme. Via its regular services, we aim to offer participants a good pension product and there is a limited appetite for operational risks.

The services are data and IT-driven to a significant extent, which is why we have an increased exposure to IT and cyber risks. Privacy and cyber security are very important in this context. PGGM has a limited risk appetite in relation to Privacy, IT and Cyber risks.

In today's turbulent pension domain where the developments can follow on each other quickly and be divergent in nature, connection with our clients regarding vision, strategy and objectives is vital. The Vested approach to the cooperation and the joint development of an OGSM plan are important measures to further strengthen the connection with our most important client, PFZW. OGSM (Objectives, Goals, Strategies, Measures) is a strategic business plan in which senior management formulates its short, medium and long term vision for the company on one A4 sheet. Disruptions in this coordination with PFZW resulting from faulty communication or other causes can have a major impact on our effectiveness and efficiency and put pressure on our reputation with PFZW and other stakeholders.

Reputation

A good reputation is essential to us. Based on our role in society and commissioned by our clients, we want to operate responsibly and conducive. We accept that there are parties who may have a different view on topics and that this can result in reputational damage. There is a low risk appetite for reputational damage as a result of incorrect and/or incomplete provision of services.

Compliance and integrity

Clients, supervisory authorities, society and other stakeholders expect us to conduct ourselves in accordance with the applicable laws and regulations and internal standards of conduct. Compliance is our licence to operate. In order to shape this, we pursued a proactive compliance and integrity policy in 2020.

Societal context

As a global market player, we perform activities that are subject to licences and which fall under national and international (financial) market supervision. The market supervision is exercised by supervisory authorities such as DNB, AFM, de Netherlands Authority for Consumers & Markets (ACM) and the Dutch Data Protection Authority (AP). In this connection we aim to adhere to all applicable and valid international and national laws and regulations, internal codes of conduct and be accountable to our stakeholders regarding compliance with these. This is also our licence to operate. We realise that it is a huge risk if this is not arranged well. We are also seeing a trend that indicates more and stricter regulatory enforcement by market supervisory bodies.

As a large proportion of laws and regulations is promulgated at European level, we also deal with policymakers and supervisory authorities at this level, such as the European Securities Markets Authority (ESMA) and the European Institutional and Occupational Pensions Authority (EIOPA).

In line with our core values, we are promoting an ethical business culture that safeguards employee compliance with laws and regulations. We aim for a high level of maturity regarding compliance and integrity and also work based on a best-in-class policy. This will take further shape during the course of 2021.

Compliance and integrity, risk management and internal organisation

For our organisations, we use the three lines of defence model, which is derived from the so-called COSO framework. The compliance function has an important role from the second line, together with the risk management function. We have designed our compliance function in the most central and independent way possible, based on the Compliance Charter.

An important objective of the compliance function is managing PGGM's compliance and integrity risk. We use a compliance and integrity risk and Monitoring framework (CIRM) for this, derived from the Systematic Integrity Risk Analysis (SIRA). To determine the compliance and integrity risk, we assume a best market practice definition: 'The risk of measures from authorities and/or supervisory authorities or damage to the PGGM business model, its reputation and/or financial solidity as a consequence of noncompliance or incomplete compliance with the applicable regulations or the noncompliance or incomplete compliance with the justified expectations of its stakeholders, including clients, employees, supervisory authorities, shareholders and society as a whole.' During the course of 2021, we will further develop and formalise the compliance and integrity risk together with the CIRM.

The tasks and responsibilities of our compliance function lie with the Compliance department (Compliance).

Compliance comprises a team of dedicated compliance professionals under the management of the Compliance Director, who is also part of the PGGM senior management team. The Compliance director reports to the chief risk & compliance officer, who in turn reports to the PGGM CFRO.

Compliance ensures that we demonstrate compliance with applicable and relevant laws and regulations as well as internal and external codes of conduct as far as possible. We also use this to test various aspects of behaviour, culture and integrity. Generally using the PGGM Code of Conduct as the normative starting point (and the mandatory compliance with this), regular monitoring takes place on such things as potential market abuse by insiders using private securities transactions, the prevention of conflicts of interest and the regulation and management of confidential information via Chinese Walls within the organisation. PGGM also has a Whistleblowers policy that enables abuses to be reported anonymously where necessary. We also verify the prevention of conflicts of interest and reputational damage through controls on Ancillary positions, gifts and/or invitations to and by employees. In 2020, we took important steps to strengthen the monitoring role that will take further shape in 2021 in the context of the CIRM.

Common activities at Compliance are co-formulating and designing policy, monitoring and testing, advising management and employees on compliance aspects in operational activities and promoting awareness of and compliance with regulations via training and workshops. We also take care of coordination of supervisory authority contacts such as investigations and periodic interviews. As well as the annually recurring requests from DNB and AFM, DNB also implemented various thematic and specific investigations in 2020, such as a pilot of the supervision on pension fund service providers. These include investigations with respect to data quality, tenders and IT/digital strategy.

At Compliance we are aware that culture and behaviour aspects play an increasingly important role in the management of risks. That is why we aim to focus more on so-called soft controls (factors that influence behaviour) in our advice, policy and monitoring tasks, as well as hard controls (demonstrable measures in processes and systems).

Statutory and supervisory framework

In the statutory and supervisory framework we can make a distinction between laws and regulations that apply to the PGGM Group, including laws and regulations that flow from licence-based activities as well as the internal codes of conduct and obligations that we apply ourselves. These internal codes of conduct and obligations flow from our tendered activities based on contractual agreements with clients.

Legal committee

We act proactively, using tooling, to monitor developments in laws and regulations.

A multi-disciplinary Legal committee (LC), of which Compliance also forms part, identifies these developments, conducts an impact analysis, refers the responsible people to the effective implementation of this via policy, processes and/or systems and as final process, demands checks and disclosure from PGGM directors based on correctness, completeness and timeliness of the implementation.

Per quarter we provide an overview with relevant developments in laws and regulations for our senior management, the directors within PGGM and several PGGM clients. The process, which is described in the Legal Charter, is presented in a diagram below and forms part of the ISAE 3402/3000 report.

Schematic view of the process



Corporate Governance Code

The Dutch Corporate Governance Code 2016 (the 'Code') applies to Dutch listed companies. As a non-listed company, we do, however, endorse the principles and best practice provisions of this Code and, in implementing good governance, we apply as many of the Code's provisions as possible on a voluntary basis. In a 'comply or explain' document published on our website, we indicate the extent to which we satisfy the principles and best practice provisions contained in the Code and, in the cases in which we deviate, we explain how far and why.

See the 'comply or explain' document on www.pggm.nl/over-ons/over-pggm/

Privacy

In an era in which (personal) data can be shared and saved increasingly easily, adequate protection is very important.

We play two roles in this context:

1. As an employer and a cooperative, we are a data controller; and
2. For our institutional clients (pension funds) we are a data processor.

For the purposes of the General data protection regulation (GDPR), our institutional clients are data controllers for:

- administration of pension agreements on the basis of an administration agreement or administration regulations;
- market research and statistical analyses concerning pension matters;
- provision of information on pension matters; determination of the amount and payment of pension entitlements and benefits; and calculation, recording and collection of premiums from employers and entrepreneurs.
- We perform the processing of personal data carefully and believe that, in satisfying the provisions of the GDPR, we have taken appropriate technical and organisational measures to protect the personal data.

Finally, we also believe that 'hard' measures alone are not enough. Close attention must also be devoted to the 'soft' side. This means that we place a great deal of emphasis on the privacy awareness of employees. This gives them the opportunity to make the right choices when necessary, in line with the importance that we attach to protection of personal data.

Data protection officer

We are not required by law to appoint a data protection officer. However, in view of the high volume of personal data that we process, including special personal data, we believe it is wise that we have such an independent position. With this, we wish to facilitate access to our business for interested parties, including the external supervisory authority, the Dutch DPA.

The data protection officer is appointed by the executive board and is responsible for compliance with its statutory obligations under the GDPR. The data protection officer is supported by the data protection office. The most important duties of the data protection officer, from an independent perspective, involve monitoring compliance with the GDPR and giving advice. Within our organisation, this role is required in the design of the governance.

Within PGGM, the data protection officer is appointed in the second line adjacent to Compliance & Risk, due to the importance we attach to careful handling of personal data, but also due to the independence and specific knowledge and expertise required for this job.

Privacy office and privacy contact persons

The Privacy Office is established within the first line. It offers first line legal privacy and other advice to the business. The privacy contact persons are appointed within the first line. They are active as practical support for the first line.

Supervision

The data protection officer has further detailed the supervision on compliance with the GDPR in 2020 with the formulation of a monitoring plan. The data protection officer will be in a better position to perform supervisory duties in 2021 using this monitoring plan.

Data leaks

We facilitate the reporting of incidents and data leaks so that we can identify, address and analyse these and implement structural improvements in business processes and control measures.

We have taken measures to document data leaks and report these in time ourselves or on behalf of the institutional clients we serve. In this way we enable the Dutch DPA to check whether we and our clients have complied with the reporting obligations for data leaks. The data protection office has received, analysed and handled 293 data leaks that had little impact. Of these, 147 data leaks were notified to the Dutch Data Protection Authority, including in bulk notification. For sixteen of the notifications the involved persons were informed. These data leaks were usually a consequence of an error in the envelope process. We are also investigating the options to reduce the number of data leaks as far as possible and prevent a repeat of such data leaks.

Data Protection Impact Assessments

An updated DPIA process was established in October 2020 and this has resulted in improved risk consideration and more efficient risk management through DPIA quick scans. Fourteen DPIA quick scans were assessed after which two DPIA quick scans resulted in an extensive risk analysis (DPIA).

Awareness

There is a continued focus on privacy awareness within PGGM. The data protection office has run 31 awareness activities including the launch of the Privacy Portal, the development of a new privacy e-learning and many GDPR training courses.

Requests from data subjects

The GDPR assigns different rights to data subjects whose personal data are processed. As a controller, we manage these rights. We support our institutional clients in complying with this obligation. Effective and timely responses have been made to the requests that we and our clients have received.

Statement from data protection officer

PGGM further fleshed out control of personal data processing and protection in 2020.

Various activities in 2020 resulted in improvements in personal data protection within PGGM, such as:

- redesign of privacy governance, with first line support from the privacy contact persons and the privacy office and
- a second line responsibility for the data protection officer; and implementation of a data protection officer monitoring plan.

The data protection officer provides support where necessary and will continue monitoring from the independent second line. The data protection officer will be in a better position to perform supervisory duties in 2021 using the monitoring plan.

In control statement

As PGGM's executive board, we are responsible for the design and operation of PGGM N.V.'s internal risk management and control systems. These systems were established in accordance with internationally accepted standards and the purpose of these systems is to ensure the risks associated with failing to realise the strategic, governance, operational and financial objectives are optimally controlled, in order to offer a reasonable degree that financial reporting does not contain any material inaccuracies. However, they can never offer absolute certainty that these objectives will be achieved. The reality is that, when taking decisions, human assessment errors can occur and cost-benefit considerations constantly have to be made regarding the acceptance of risks and the imposition of control measures.

In safeguarding our responsibility, throughout the year under review we independently and systematically analysed and assessed the risks relating to the realisation of our objectives as well as our organisation's applicable internal risk management and control systems. We have used the COSO ERM framework and other systems for this. The significant strategic, governance, operational and financial risks were determined for each business unit.

The management of each business unit independently analysed and assessed these risks as well as the applicable internal risk management and control systems; and submitted a report to us in this respect. We evaluated these reports, together with the findings of internal and external audits. We regularly discuss all the work related to risk control with the audit, risk and compliance committee and the Supervisory Board. Improvements are implemented in the risk control and control systems, where necessary. For a more extensive explanation of our work in this context, see the chapter on risk management.

Conclusion

On the basis of the above-referenced activities, we are of the opinion that we can state in all reasonableness that the internal control and control systems in the reporting year have worked adequately and provide a reasonable degree of certainty that the financial reporting does not contain any material inaccuracies.

Zeist, 21 April 2021

The Executive Board

Edwin Velzel

Willem Jan Brinkman

Report on the remuneration of the Executive Board

This report concerns the remuneration of the members of the Executive Board. The report first describes the vision underlying the remuneration policy for the members of the Executive Board. The report then covers the 2020 remuneration package for the members of the Executive Board.

Remuneration policy vision

The remuneration policy for the Executive Board is adopted by the general meeting of shareholders after a proposal from the Supervisory Board (remuneration committee). The objective of the remuneration policy is to attract, retain and motivate qualified members to the Executive Board. Our aim is to have a transparent and responsible remuneration policy: fair remuneration for measurable performance. In addition to the realisation of objectives, the way in which performance is achieved (competencies and values) is also taken into account in assessments and consequently in the remuneration. In terms of policy and implementation, our remuneration policy is consistent with our culture and our values (supportive, responsible and steadfast). The members of the Executive Board are appointed by the Supervisory Board after consulting the shareholder. Effective from 2013, the Executive Board comprises two members. The members of the Executive Board are appointed for a four-year term, with the option of reappointment

The chair of the Executive Board (chief executive officer), Edwin Velzel, was appointed on 1 November 2017. Willem Jan Brinkman was appointed as a member of the Supervisory Board in the position of CFRO effective 29 November 2019.

The remuneration policy for the members of the Executive Board is in accordance with laws and regulations governing remuneration and is additionally in accordance with the best practice provisions of the Dutch Corporate Governance Code.

Executive Board remuneration package

The total remuneration package of the members of the Executive Board consists of salary, pension and social security contributions. The members of the Executive Board are not entitled to variable remuneration. Members are not provided with remuneration in the form of shares, options and the like. The annual remuneration package is set by the Supervisory Board.

Salary

The salary of the members of the Executive Board is based on the market profile of the remuneration of executive directors at a similar level, with due consideration for PGGM's positioning. The salary is adjusted each year in accordance with the average of the percentages and amounts by which salaries were adjusted in the previous calendar year on the basis of three collective labour agreements (Hospital Sector, Insurance Industry, Banking Business). Effective 1 January 2020, the salary increased by 3% in comparison with 2019.

The salary for the members of the Executive Board is based on a rating according to the Hay classification; the job level of the chair is one level higher. The fixed salaries and other remuneration components are included in the financial statements. The pension and social security contributions are in accordance with the cla.

Report of the Supervisory Board

Report of the Supervisory Board

In this report, the Supervisory Board explains how it carried out its supervisory role and role as employer and how it supported the Executive Board by providing advice over the past year. The report also discusses the most important substantive matters in which the Supervisory Board was involved this year.

The Supervisory Board looks back on a year in which the focus lay on a number of key topics:

- COVID-19 crisis
- Renewal of pension system/pension agreement
- Implementation of laws and regulations
- Control 2021
- PGGM strategy and strategic reflection
Behaviour, culture and soft controls

Highlights 2020

COVID-19 crisis

The outbreak of COVID-19 led to measures that resulted in a (partial) shutdown of society for a large part of the year 2020. The Supervisory Board closely followed the situation and developments relating to the COVID-19 pandemic. The members made sure they were informed during, and when necessary outside meetings, of the measures taken by the EC and the crisis management team for the welfare and health of employees and the business continuity of PGGM. Most of PGGM employees worked at home for the biggest part of 2020, with the exception of a small group of employees who perform office-based work for critical processes.

The Supervisory Board maintained a continued focus on the risks associated with the COVID-19 crisis. The COVID-19 crisis meant that the HR risk and operational risk were higher than usual, partly because of the different ways of working together. At the request of the Supervisory Board, a reflection and a look ahead regarding this crisis situation was carried out in the autumn of 2020. The crisis management team's evaluation showed that PGGM made a timely start on monitoring the corona situation and with making preparations. The transition to full homeworking went well and

smoothly. The correct measures were taken at an early stage to ensure the homeworking could scale up. Research by Internal Audit confirmed the picture presented in this evaluation. Various improvement points that came up during the coronavirus crisis were addressed during the crisis, in line with our culture of continuous improvement.

The Supervisory Board discussed with the Executive Board the new challenge of addressing the issues of health, connection and motivation of employees in the long-term homeworking situation. This issue was discussed in the three-board-meeting of the Works Council, the Supervisory Board and the EC in September 2020. The members brainstormed together about working in the (post)corona era.

The Supervisory Board reflects - for as long as the COVID-19 crisis continues - on the consequences of the COVID-19 pandemic for business continuity and the welfare of PGGM employees in each meeting with the Executive Board. The Executive Board also keeps the Supervisory Board informed of the current measures taken by PGGM in response to government policy relating to the COVID-19 virus. In addition the Supervisory Board was also regularly brought up to date on the status of the vision on the work during the (post)corona era.

The Supervisory Board has observed that the millions of PFZW participants, PGGM's biggest client, are working on the COVID-19 frontline and have been seriously affected by the COVID-19 crisis. Working from home is usually not an option for these healthcare providers and they are working hard to limit the consequences of the virus. The Supervisory Board wishes to express its sincere appreciation for the efforts of healthcare staff in the fight against COVID-19.

PGGM has taken many initiatives to create added value for the healthcare and welfare sector during this corona period. For instance PGGM supports Stichting Zorg na Werk in Coronazorg (ZWiC). ZwiC supports (families of) healthcare workers who - as a consequence of working on the corona care frontline - became ill or died, by offering financial as well as process support. PGGM also supports Stichting Hulptroepen Alliantie by making personal protective equipment available, including face masks that meet the RIVM guidelines. Together with various partners, the Hulptroepen Alliantie foundation has established a controlled delivery chain to transport personal protective equipment from China to the Netherlands. The products are tested in the Netherlands before being transported to various healthcare institutions. The PGGM call centre also uses off-peak hours to call lonely older people. The Supervisory Board values these additional efforts of PGGM (employees) very highly.

Pension agreement

The Supervisory Board believes in the importance of good, affordable and sustainable pensions for our clients and their participants and monitored the developments in relation to the pension system closely in 2020. On 12 June 2020, the cabinet and employer and employee organisations reached agreement on the main themes of the pension agreement. The Supervisory Board has reflected extensively with the Executive Board and other stakeholders within the organisation on the details of the new pension agreement and the consequences for PGGM and its clients. Changes in the pension agreement require PGGM to be capable of making rapid adjustments in its services and underlying systems. The Supervisory Board was delighted to see that a roadmap for the transition was formulated in time, in which the choices that various PGGM clients will make and the consequences of these are included. An individual statement, which incorporated the impact the pension agreement will have on them, was sent to all clients.

PGGM strategy and strategic reflection

The Supervisory Board monitors the PGGM strategy and the way in which the Executive Board implements the strategy for long-term value creation. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the main associated risks. These are discussed in standard meetings but also outside, such as in in-depth sessions.

The strategy adopted in 2018, 'PGGM, adding value to healthcare and welfare', was further translated into concrete actions and plans in 2020. With the strategy, a clear choice is made for the healthcare and welfare sector. We contribute to a healthy and vital sector by making available the right services, knowledge and experience.

PGGM acquired Vernet in 2020. Vernet is a research agency that specialises in collecting and analysing data on sickness absence in the healthcare and welfare sector. The acquisition of Vernet means that more data are available for PGGM on sickness absence in healthcare and welfare. This enables PGGM to better support PFZW in its ambitions to deliver a concrete contribution to a vital sector, for instance relating to addressing labour market problems.

In 2020, PGGM again worked hard to achieve financial and social returns with its clients' pension assets, including by investing in solutions for social issues such as poverty, health and climate.

The service provision to and impact of the strategy on our clients are important points of attention for the Supervisory Board and are discussed in depth at each meeting as well as outside these. The Supervisory Board has observed that the service provision ran smoothly in 2020.

PGGM sold its share of over 10.2 percent in the ESG rating company Sustainalytics in spring 2020.

Partly as a consequence of the developments relating to the new pension agreement PGGM has evaluated the strategic value of Rabo PGGM PPI. It was concluded that we will no longer have any role in the future of Rabo PGGM PPI. Following an extensive orientation it appeared that Allianz was the best party to take over PPI. The acquisition by Allianz still needs to be approved by the supervisory authorities.

Laws and regulations

The Supervisory Board sees that PGGM operates in a highly regulated sector. This demands constant attention from management and supervision from the Supervisory Board on compliance with laws and regulations. Especially since this regulation is only expected to become stronger and stricter in the next several years. PGGM started a sizeable project in 2019 to ensure that laws and regulations are firmly anchored and that compliance is clearly demonstrated (including guidance and regulations from supervisory authorities). This project ensures there is better insight into and clear monitoring of the progress of the different work flows. Some work flows use the hire of externals to achieve acceleration. The Supervisory Board monitors progress each quarter.

Control 2021

In the second half of 2019 PGGM started a Financial control programme to achieve a different financial control, which includes using cost prices per product. This will create more insight into the costs and control of these and we can also give our clients more insight into costs. This project was expanded at end 2019 into the strategic programme, Control 2021, which will continue to be implemented up to and including May 2021. Various responsibilities are being decentralised in the three business units (Pensioenbeheer, Vermogensbeheer and Beleidsadvisering en bestuursondersteuning) as a consequence of Control 2021. The Supervisory Board discusses progress on this programme at each meeting.

Culture, behaviour and soft controls

Behaviour and supporting soft controls are important aspects in the realisation of strategic objectives.

A cultural change is needed in order to improve client orientation and for the organisation to become more client-oriented, cheaper and more flexible. This will also lead to a clearly higher score on various soft controls, such as accountability and perseverance. This change process has now been established at PGGM and the Supervisory Board ensures that these values receive increasing attention.

Working from home in 2020 as a consequence of the COVID-19 crisis has resulted in several soft controls being less present, such as addressing someone directly, and this necessitates an increased focus on hard controls. Nevertheless, the theme of soft controls remains an item on the agenda of the Supervisory Board.

Tasks and responsibilities

The Supervisory Board supervises the Executive Board's policy and general affairs relating to PGGM and its affiliated businesses. The Supervisory Board also advises the Executive Board and in doing so considers all relevant interests. As well as the supervisory and advisory role, the Supervisory Board acts as an employer towards the members of the Executive Board.

Supervisory and advisory role

In 2020 the Supervisory Board was informed regularly about PGGM realising its objectives, the strategy and the risks associated with the company activities, the design and operation of internal risk management and control systems, the financial reporting process, compliance with laws and regulations, cost development, the project and change calendar and the risk appetite.

The Supervisory Board as employer

The Supervisory Board evaluates the performance of members of the Board at least annually, and therefore did this in 2020 too. The Supervisory Board also supervises the Executive Board policy relating to the selection criteria and appointment procedure for members of the EC.

Composition of the Supervisory Board

All members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code. On the appointment of its members, the Supervisory Board aims for a complementary composition of the Board. This is included in the profile of the Supervisory Board. Diversity in terms of culture, age, education, work experience and gender is appropriate here. Throughout 2020, women made up 50 percent of the Supervisory Board. There were no changes in the Supervisory Board composition in 2020. The Supervisory Board appointed two committees from among its members: the audit committee and the remuneration, selection and appointments committee (RSB).

Attendance at regular meetings

The Supervisory Board held regular meetings on six occasions in 2020. The majority of the

meetings took place via video calls in line with the RIVM COVID-19 measures. Members of the Executive Board attended the meetings of the Supervisory Board. Members of the EC attended the meetings of the Supervisory Board for topics for which their expertise was required.

The relationship with the Executive Board and the EC and between the Executive Board and the EC is perceived as good and transparent.

Additional Supervisory Board meetings took place and/or committees were established to discuss the COVID-19 crisis impact and the recruitment process for a new CIM. In the autumn of 2020, in-depth sessions also took place with the EC regarding the new performance and remuneration philosophy and about financial control.

No supervisory directors were frequently absent from the meetings of the Supervisory Board.

Composition of the Supervisory Board and committees and attendance percentages of the relevant members

	Supervisory Board	ARC	RSB
Number of meetings	6	5	5
Marjanne Sint	100% (Chair)		100%
Miriam van Dongen	100%	100% (Chair)	
Eric de Macker	100%		100% (Chair)
Jan van Rutte	100%	100%	
Micky Adriaansens	100%		100%
Henk Broeders	100%	100%	

Subjects of regular meetings in 2020

Fixed agenda items at every regular meeting include PGGM's strategy, developments in the environment, the business operations, the status regarding our clients, the relationship with PFZW, the innovation and change capacity and asset management and service provision. In addition to the annual discussion and approval of the directors' report, the financial results and the key risks associated with the business operations are reviewed every quarter, on the basis of the performance and audit reports. Attention is also

devoted to customer satisfaction on a quarterly basis. The Supervisory Board operates a diversity policy for the composition of the Supervisory Board and the EC. The Supervisory Board is delighted to observe that PGGM has broadly addressed the concept of Inclusive Employment Practice, including by giving these aspects a place in the EC profile and by actively creating awareness of the concept of inclusivity and diversity. A Diversity Board has also been appointed within PGGM to monitor progress in the units and PGGM but also to challenge each other with respect to progress on diversity and inclusivity in the units themselves.

The Supervisory Board devotes a great deal of attention to PGGM's strategy. The developments in the pension system are very important in this context.

The Supervisory Board held periodic discussions with the Executive Board on the new pension agreement, its significance for PGGM's business operations and which innovations could be developed for the future. PGGM's culture and leadership also play a major role in making the organisation more efficient and flexible. The Supervisory Board also held a knowledge session on tax dilemmas with the Executive Board in 2020. The Supervisory Board ensures that it is informed periodically on various aspects of the strategy of Vermogensbeheer, Pensioenbeheer, Policy advice & Board support and IT.

The Supervisory Board also receives information periodically on developments in the asset management market. This ensures that the Board has timely insight into relevant developments that could impact on the business operations and reputation of PGGM. Several times a year the Supervisory Board also informs itself extensively and in depth on various aspects of Vermogensbeheer's strategy, such as the internal or external management of asset management mandates. Another important aspect discussed in the Supervisory Board are the requirements and conditions for being able to deliver best-in-class asset management. At each Supervisory Board meeting of Vermogensbeheer a member of the Supervisory Board is present as an observer.

Partly due to the positions taken by the AFM and the developments in regulation with respect to derivatives and the desires of counterparties, the decision was taken in 2019 to switch to having cash management set up locally, to execute derivatives transactions decentrally and to dismantle PGGM Treasury B.V. After this separation in 2020 the design of cash and currency management and derivative transactions will be made at client level. The Supervisory Board was included in the progress of and decision-making about the various phases that led to the actual separation.

The performance and remuneration policy enables PGGM to implement its strategy in keeping with its identity. In the performance & remuneration policy, personal development and growth is central, with attention on performance appropriate to the context of the work. The following conditions are also important: the remuneration policy complies with law and regulations, is monitored and responsible (may not lead to short term or high-risk behaviour) and is aligned with the labour market. In line with the strategic challenges, PGGM formulated a new performance management philosophy. This focuses on the development and personal growth of employees and on performance and behaviours that contribute to our strategic objectives and not only on individual results. The Supervisory Board and the Executive Board have held many constructive discussions on the need to change, the impact of the changes on the various populations within PGGM and what the changes demand from managers. Extensive discussion has also taken place on providing resources to managers in this context. In spring 2020, the Supervisory Board gave its approval for the general principles of the new remuneration policy.

Organisational developments

The chief investment management (CIM), Eloy Lindeijer, left PGGM on 1 October 2020. He had worked at PGGM for nine years. As CIM, Eloy Lindeijer was a member of the EC and was also statutory managing director of Vermogensbeheer and Treasury. The appointment of Geraldine Leegwater as CIM as of 1 November 2020 ensured an effective successor.

The Supervisory Board approved the individual profile of the CIM successor in spring 2020. One member of the Supervisory Board was also a member of the selection committee.

Audit committee

The audit committee supports the Supervisory Board in supervising the board activities with respect to financial reporting, financing, internal risk management and the risk policy and risk management. The audit committee comprises Miriam van Dongen (chair), Henk Broeders and Jan van Rutte.

The audit committee held five regular meetings in 2020. The regular meetings were attended by the Executive Board members, the director Internal Audit and the external auditors. The directors Finance & Control and Risk & Compliance were present during the discussions of the quarterly reports. The assessment of the internal auditor, the performance of the Internal Audit department and the instruction to the external auditors were discussed in closed meetings.

The committee has discussed the findings of the regular performance reports (including risk and compliance) and the audit reports. The audit committee monitored the actions on various findings, including compliance with laws and regulations. In talks with external auditors on the management letter in 2021, it was concluded that the execution and control of regular client processes went relatively well. A great deal of work is also being put into controlling the IT risks.

The audit committee devotes attention to PGGM's risk picture in relation to the risk appetite. Each year, the audit Committee discusses the risk appetite determined by the EC and advises the Supervisory Board on the approval of this. The risk appetite also includes the risk types, in which the number of risk types was expanded by three (per cluster) to eighteen (per risk) in 2020. According to the audit committee, this is a good approach for the further development of the risk cards, including through a link from risks to Key Risk Indicators. External factors such as the long-term low interest rate, low level of coverage

and changes to the pension landscape can influence PGGM's business operations. Internal aspects include risks related to the desired transition of the organisation and IT risks (infrastructure and security). PGGM's services are data and IT-driven to a significant extent, which is why PGGM has an increased exposure to IT and cyber risks. Data quality projects were established within PGGM with the aim of ensuring that the business is in clear control of data quality and business critical data. The audit committee notes that the right steps were taken here in 2020. This was discussed extensively in the audit committee.

With respect to the Regulatory legislation project, the EC, under the watchful eye of the Supervisory Board, requested a more detailed elaboration of the responsibilities of the first, second and third line (compliance by design).

This took place in the second quarter of 2020, in which both the first line responsibility for compliance was re-emphasised and the expansion of the second line's compliance monitoring role was confirmed. The Supervisory Board will continue its close monitoring of internal risk management and control systems. Individual members of the audit committee attended meetings of the corporate, risk and compliance committee and meetings of the investment committee at Vermogensbeheer as observers, in order to gain a more in-depth understanding.

The Supervisory Board receives the ARC's reports and meeting documents. At the meetings of the Supervisory Board, the committee chair provides verbal feedback on the discussions. Supervisory Board members, those not being members of the audit committee, have a permanent invitation to attend the meetings. In 2020, the CFRO and the chair of the audit committee once again had regular contact outside the meetings on current issues and the preparation of agendas for the meetings.

Remuneration, Selection and Appointments Committee

The remuneration, selection and appointments committee (RSB) supports the Supervisory Board in preparing the decision-making with respect to the composition and appointment/reappointment of members of the Executive Board, the remuneration of members of the Executive Board and the PGGM remuneration policy. The members of the RSB are Eric de Macker (chair), Marjanne Sint and Micky Adriaansens.

The RSB held regular meetings on five occasions in 2020. At least one member of the committee must have knowledge of and experience with a remuneration policy of a similar nature to that applied within the PGGM. The RSB will implement this.

In 2020, the committee held discussions with EC members, the shareholder (represented by the board of PGGM Coöperatie) and a Works Council delegation in the context of the evaluation of the CEO over 2019. The chief financial and risk officer (CFRO) was appointed on 29 November 2019 and his appointment as member of the Executive Board in 2019 was too brief to go through the standard evaluation process for 2019. However, discussions were held regarding his performance on a more informal basis. The RSB also uses the self-assessment of the relevant Executive Board member in its evaluation as well as any informal bilateral discussions that took place during the year between individual Executive Board and Supervisory Board members. The committee also advised the Supervisory Board on evaluation of the CEO over 2019 and the remuneration of individual members of the Executive Board in 2020. The evaluation calendar of the individual members of the Executive Board was approved in 2020. There was also a reflection on the outcomes of the review of the Top 30. Based on the outcomes of the review, the quality and potential of the Top 30 within PGGM was discussed. The CEO and the HR director attended the RSB to provide an explanation on progress. The Supervisory Board is responsible for

monitoring the implementation of the group-wide remuneration policy and the approval of the general principles of the remuneration policy. Internal Audit conducts a central and independent internal assessment each year to assess the implementation of this policy in terms of compliance and procedures. Based on this information, the committee concluded that there were no deviations from the current policy and procedures and it informed and advised the Board of this.

The RSB advised the Supervisory Board on the new remuneration policy and performance management, which, in October, approved the general principles of the remuneration policy and performance management with effect from 1 January 2021.

The RSB was also informed at each meeting since the start of the COVID-19 crisis regarding business continuity and safeguarding the welfare and health of employees during the COVID-19 crisis. From the start, PGGM took various measures to facilitate remote working in the best way possible. As this long-term situation can lead to a loss in productivity and an increased need for psychological and other support, PGGM has taken various support measures. At the EC's request, a working group was established to consider work in the post-corona era. The working group's Chair is the director of People & Organisation.

The Supervisory Board receives the RSB's reports and meeting documents. At the meetings of the Supervisory Board, the committee chair provides oral feedback on the discussions. Supervisory Board members, those not being members of the RSB, have a permanent invitation to attend the meetings.

Other

As well as the regular Supervisory and or committee meetings, there were frequent contacts between the chair and other members of the Supervisory Board and the Executive Board. The Supervisory Board members also had contact with the other members of the EC, the Works Council, employees, management and stakeholders within and outside PGGM on various occasions to obtain an impression of concerns in various populations/ fora/stakeholders.

The Compliance department assesses whether the intended ancillary positions of all supervisory directors could entail (the appearance of) a conflict of interest. A process has been set up for this purpose, in which each new ancillary position is presented to the compliance officer for assessment and to the Supervisory Board chair for approval. In addition to (the appearance of) a conflict of interest, every supervisory director's portfolio of ancillary positions is assessed against the Administration and Supervision Act for the regulations relating to limiting the number of supervisory roles.

No transactions took place in which potentially conflicting interest of material significance for PGGM and/or the relevant directors, supervisory directors, shareholders and/or the external auditors played a role.

Evaluation and permanent education

In January 2021, the board evaluated its performance, the performance of the individual committees as well as the performance of the Executive Board and the individual board members over 2020. This evaluation was performed with the aid of an extensive questionnaire (completed by all members of the Supervisory Board, the Executive Board, key officers from Internal Audit, the People & Organisation manager and the corporate secretary). The results of this evaluation were discussed in the Supervisory Board.

Appreciation of the engagement, expertise, diversity and capacity of the Supervisory Board members was expressed. Meetings are conducted in a structured manner and in an open atmosphere, facilitated by timely provision of good quality information.

Several focus points were also formulated in which the Supervisory Board wished to engage, such as: devoting more time to discussing strategic themes and a stronger advisory role on various themes.

The Supervisory Board takes the view that permanent education adds substantial value to the performance of the Board. The Board therefore has its own long-term education plan. In-depth discussion of subjects took place around the regular meetings. A number of subjects were considered in depth in 2020, including remuneration policy and financial control.

Together with directors of the cooperative and PFZW, supervisory directors also take part in management modules organised by PGGM. Four times per year, these focus on current developments at clients, among participants or in the internal organisation of a PGGM business unit. Examples include the PFZW investment policy and developments in the pension system and relevant developments in laws and regulations.

Relationship with the shareholder

The contacts that the Supervisory Board maintains with the shareholder, PGGM Coöperatie, primarily take place at the meetings of the shareholder. At least twice a year, the Supervisory Board conducts talks with the shareholder or a delegation acting on behalf of the shareholder on developments at PGGM. The Directors of PFZW, PGGM Coöperatie and the Supervisory Board met on several occasions in 2020. Constructive dialogue was held on strengthening a base of support for the strategy and a further development of this, focusing on a (more) meaningful role in the healthcare and welfare sector. The availability and use of data (within statutory limits) also offer possibilities for providing products and services for (vitality within) the healthcare and welfare sector. It is important to maintain a dialogue with employers, employees and the social partners.

Relationship with the Works Council

Both the Supervisory Board and the Works Council consider it important to maintain good mutual contacts and provide sufficient time and space to speak with each other informally. A Supervisory Board member is in attendance at meetings on the general progress of the business. In addition, the supervisory director appointed on the nomination of the Works Council (Miriam van Dongen) conducts informal talks with the Works Council on a number of occasions each year. Involvement and consultation with the Supervisory Board on handling requests for advice and consent by the Works Council take place at the request of the Works Council or the Supervisory Board and in compliance with the Works Councils Act (WOR). The starting point is that this concerns requests that affect a large proportion of the organisation.

In the autumn, new members were appointed to the Works Council. The Supervisory Board would like to thank the departing Works Council members sincerely for their efforts and commitment over the past years. To commemorate the appointment of new Works Council members, a familiarisation session took place between the Supervisory Board and the Works Council. The annual 3-board consultation also took place, which is dedicated to the culture of the PGGM organisation. This year the theme was 'working in the corona and post-corona period'.

The starting point of the consultation between the Supervisory Board and the Works Council is that ideas or advice contributed during the meeting are never binding for the forum in its supervisory role (Supervisory Board) or advisory role (Works Council) in the later approval phase.

Relationship with the external auditors

After a careful selection process, the shareholder appointed PwC as external auditor in 2019 for the financial years 2020 to 2023. The previous auditor, KPMG, performed the audit over financial year 2019 and completed this in 2020. Parallel to this PGGM and PwC have agreed a transition plan to ensure the effective transition from KPMG to PwC. The transition plan was implemented and completed in late 2020. The Supervisory Board and the ARC regard the collaboration with PwC as positive. Good use was made of a process-oriented and internal control-oriented approach for the audit of the 2020 financial statements. The quality of the reports issued is good. The external auditors attend the meetings of the ARC. The input of the external auditors during these meetings and the sharing of initial observations is regarded as positive.

Relationship with Internal Audit

Once a year, the ARC assesses the performance of the Director of Internal Audit and the role and performance of the Internal Audit department. The perception of the department is positive. The department and Internal Audit Director's relationship with the external auditors is good. The Director of Internal Audit attends the meetings of the ARC. The annual audit plan, the audit reports and the management letter provide the Supervisory Board with a good insight into the business activities and processes.

Proposal to the General Meeting of Shareholders of PGGM, PGGM Coöperatie

In accordance with that determined in the PGGM statutes the Supervisory Board has discussed the annual accounts and financial statements of PGGM and approved the associated additional data. The Supervisory Board discussed these accounts with the Executive Board, Internal Audit and the external auditors (PwC), and took cognisance of PwC's intention to issue an unqualified audit report from PGGM for the 2020 financial statements. The Supervisory Board is requested to approve the 2020 financial statements and to grant the members of the Executive Board discharge for the policy pursued during the reporting year. The Supervisory Board also requests during the General Meeting of Shareholders that the Cooperative Council of PGGM Coöperatie adopts the financial statements for 2020 and grants discharge to the Executive Board for its scrutiny.

Conclusion

The Supervisory Board would like to thank all PGGM staff sincerely for their efforts in this extraordinary challenging reporting year, 2020, in which everyone's effort, flexibility and connection enabled PGGM, despite the COVID-19 crisis, to continue to provide the same level of service provision to its clients.

Zeist, 21 April 2021

Marjanne Sint, Chair

Miriam van Dongen, Deputy Chair

Micky Adriaansens

Henk Broeders

Eric de Macker

Jan van Rutte

Financial statements

PGGM N.V. 2020

Consolidated balance sheet as at 31 December 2020

(before profit appropriation)
(amounts in thousands of euros)

	Ref.	31 December 2020	31 December 2019
Assets			
Fixed assets			
Intangible fixed assets	3	3,157	2,071
Property, plant and equipment	4	73,449	88,330
Financial fixed assets	5	20,974	21,301
Total fixed assets		97,580	111,702
Current assets			
Receivables	6	81,420	81,400
Securities	7	59,837	30,095
Cash and cash equivalents	8	131,083	114,800
Total current assets		272,340	226,295
Total assets		369,920	337,997
Liabilities			
Equity			
Paid and called-up capital	9	200	200
Revaluation reserve		1,309	11,284
Statutory reserve		5	5
Share premium reserve		158,712	158,712
Other reserves		41,584	33,080
Undistributed profit		29,010	7,593
Total equity		230,820	210,874
Provisions			
Provisions	10	21,205	20,611
Total provisions		21,205	20,611
Current liabilities			
Current liabilities	11	117,895	106,512
Total current liabilities		117,895	106,512
Total liabilities		369,920	337,997

Consolidated income statement for 2020

(amounts in thousands of euros)

	Ref.	2020	2019
Management fees	13	308,218	297,263
Other revenue	13	1,258	594
Total operating income		309,476	297,857
Costs of outsourced work and other external expenses	14	48,370	43,025
Personnel expenses	15	180,034	170,976
Amortisation of intangible fixed assets and depreciation of property, plant and equipment	16	7,077	21,460
Other operating expenses	17	53,495	52,664
Total operating expenses		288,976	288,125
Operating result		20,500	9,732
Financial income		140	87
Financial expenses		-765	-616
Result before tax		19,875	9,203
Taxes	18	-4,005	-1,610
Result of participating interests	5	13,140	0
Result after tax		29,010	7,593

Consolidated cash flow statement for 2020

(amounts in thousands of euros)

	Ref.	2020	2019
Cash flow from operating activities			
Operating result		20,500	9,732
Adjustments for:			
Amortisation, depreciation and impairments	3.16	7,077	21,460
Changes in property, plant and equipment	4	13,300	-6,197
Changes in financial fixed assets	5	-5,127	-3,114
Changes in securities	7	-29,742	-30,095
Changes in provisions	10	594	2,396
Changes in receivables	6	-20	-42,120
Changes in current liabilities	11	11,384	29,939
Changes in equity	9	-9,064	5,241
Cash flow from operating activities		8,901	-12,758
Interest received		140	87
Interest paid		-765	-616
Corporation tax paid		0	0
		-625	-529
Total cash flow from operating activities		8,275	-13,287
Cash flow from investment activities			
Investments in and acquisitions of			
Intangible fixed assets	3	-1,967	-1,161
Property, plant and equipment	4	-4,675	-3,861
Acquisitions of participating interests	5	-600	-
Disposals, repayments and sales			
Property, plant and equipment	4	60	37
Sale of participating interests	5	15,189	-
Total cash flow from investment activities		8,007	-4,985
Cash flow from financing activities			
Cash flow from financing activities		-	-
Total cash flow from financing activities		-	-
Net cash flow		16,283	-18,272
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of period	8	114,800	133,072
Cash and cash equivalents at the end of period	8	131,083	114,800
Changes in cash and cash equivalents		16,283	-18,272

Notes to the consolidated financial statements for 2020

1 General Notes

Information about PGGM N.V.

PGGM N.V. was established on 20 July 2007 and has its registered office and principal place of business at Noordweg Noord 150 in Zeist, the Netherlands. One hundred percent of the shares in PGGM N.V. are held by PGGM Coöperatie U.A. (PGGM Coöperatie).

In accordance with Article 2 of its Articles of Association, PGGM N.V.'s objectives are as follows:

- a. to perform or have performed (i) the administrative management of prescribed pension entitlements and pensions in payment and (ii) the implementation of prescribed pension entitlements and pensions in payment, both in the broadest sense;
- b. to perform or have performed asset management in the broadest sense;
- c. to perform work that focuses on the development, sale or implementation of additional income provisions, insofar as they are not already included in a collective pension scheme, including the related information provision, consultancy and services, all in the broadest sense, for the sector in which work is performed in relation to health, mental and social interests, including services in the form of physical, mental or social care or assistance;
- d. to offer or cause the offering of services, including, but not limited to, services in respect of the collection of premiums, financial administration, board support and substantive advice to social funds that are affiliated with clients of the company;
- e. to participate in, to take an interest in any other way in and to conduct the management of other business enterprises, of whatever nature, to finance other persons and to give security, give guarantees and bind itself in any other manner for debts of other persons; and finally to do everything related or possibly conducive to the foregoing, in the broadest sense.

COVID-19 pandemic

The COVID-19 outbreak in 2020 had an immediate and major impact on the assets of our clients. The coverage levels of the pension funds was also put under pressure. PGGM N.V. is doing everything possible to support them with this and to assure the continuity of PGGM N.V. and our service provision. PGGM N.V. also complies with the government's call to facilitate work from home wherever possible. The necessary (IT) support was established quickly. A crisis management team (CMT) was formed within PGGM N.V. to safeguard the continuity of PGGM N.V. PGGM N.V. has taken proactive measures to control the increased risks caused by COVID-19. This includes the risks relating to privacy, third parties, credit and business continuity.

Financial/service provision

COVID-19 has a limited impact on the operational results of PGGM N.V. in 2020. This is also the conclusion from the CMT of PGGM N.V.. Our revenue consists primarily of fixed fees and our clients are sufficiently solvent and liquid, hence the risk of non-payment is extremely limited.

Operational

As a consequence of COVID-19 PGGM N.V. has considerably upgraded its login facilities, which means that all employees can continue to work from home. This ensures that our clients' operational activities can continue in full. Systems and servers have remained stable to date. There were no incidents regarding these. This is monitored daily by the CMT (as part of the business continuity plan within PGGM).

Statement of compliance

The annual financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code and the Dutch Financial Reporting Guidelines.

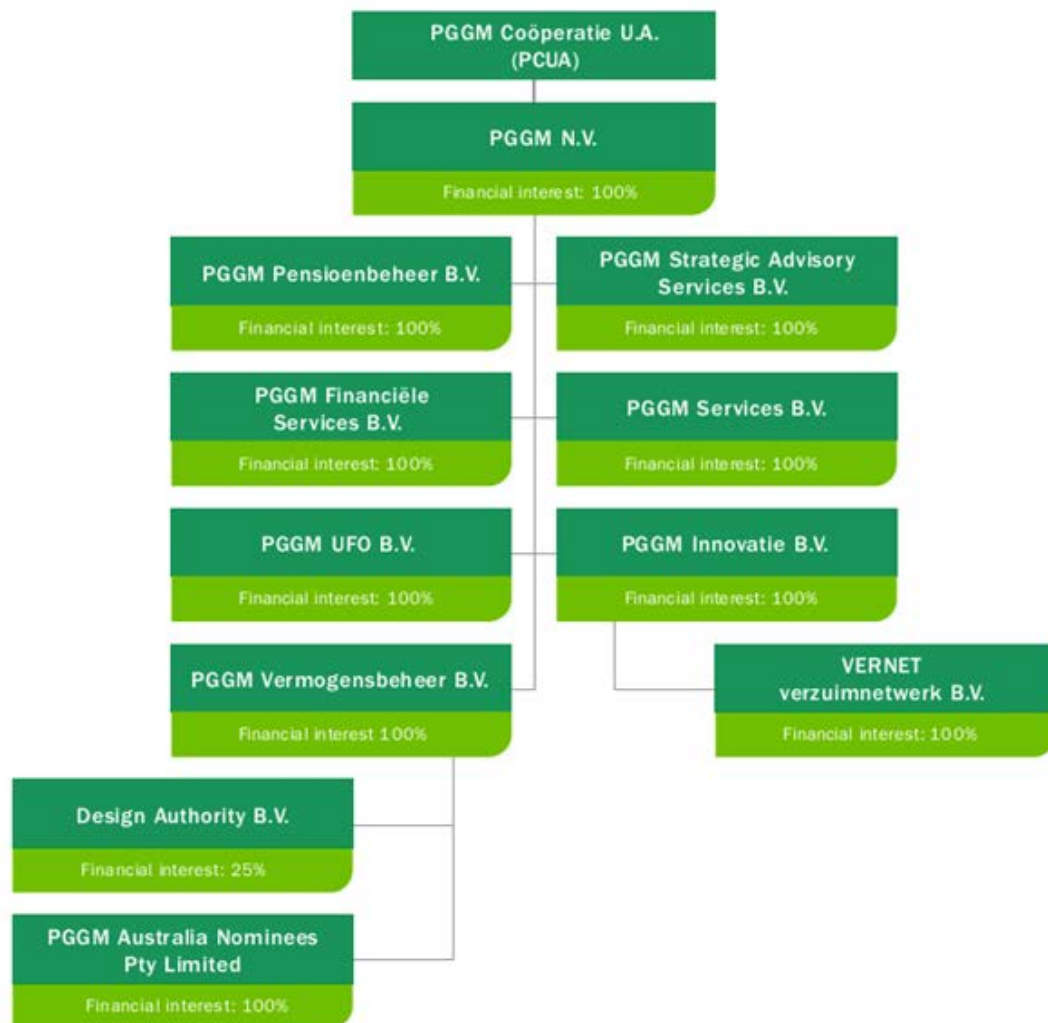
Group structure

PGGM N.V. is a holding company which, through participating interests, has performed activities in the area of board support, policy advice, pension administration, fiduciary advice and asset management since 1 January 2008.

PGGM N.V. has a two-tier board and is the holding company of nine direct and indirect subsidiaries and one minority interest which together with its shareholder, PGGM Coöperatie U.A., form the PGGM Group. A number of subsidiaries have a licence from the Dutch Authority for the Financial Markets (AFM). When the legal structure was set up, it was decided that the various licences should be linked to individual companies so as to create maximum clarity regarding the conditions associated with a particular licence and the supervision of these conditions.

The following overview shows the legal structure of PGGM Coöperatie, PGGM N.V. and its subsidiaries and participating interests (the PGGM group) as at 31 December 2020.

Group structure of PGGM



PGGM Vermogensbeheer B.V.

PGGM Vermogensbeheer B.V. (Vermogensbeheer) is the sole shareholder of PGGM Australia Nominees Pty Ltd. (PAN).

AFM licence

Pursuant to Section 2:67 of the Financial Supervision Act (Wft), the AFM has granted Vermogensbeheer an AIFM licence allowing it to act as the manager of an investment fund as defined in Section 1:1 of the Wft, effective from 4 April 2014. The licence is limited to offering the rights of participation to professional investors.

Pursuant to Section 2:67a(2) of the Wft, PGGM Vermogensbeheer is also permitted to carry out the following activities or to provide the following services:

- the management of an individual capital;
- in exercising a profession or carrying out a business, provide advice related to financial instruments;
- in exercising a profession or carrying out a business, receiving and transmitting client orders related to financial instruments.

Vermogensbeheer and PGGM Treasury B.V. (Treasury) were merged on 31 December 2020. Following the merger Treasury ceased to exist and Treasury's financial data are reported in the financial statements of Vermogensbeheer with effect from 1 January 2020.

On 21 April 2020 (with retrospective effect as of 1 January 2020), Vermogensbeheer sold its (approximately 10 percent) interest in Sustainalytics Holding B.V. The actual transfer took place in July for a sales price of € 15.3 million.

PGGM Australia Nominees Pty Limited

On 13 May 2009, Vermogensbeheer acquired the shares in PGGM Australia Nominees Pty Limited (PAN). PAN is a wholly-owned subsidiary of Vermogensbeheer. For that reason the assets and liabilities as well as the result are fully incorporated into the consolidated financial statements of Vermogensbeheer.

Design Authority B.V.

PGGM Vermogensbeheer B.V. (Vermogensbeheer) has held a 50 percent interest in Design Authority B.V. since 2 June 2020. Subsequent to that date, two other parties joined in Design Authority B.V. as a consequence of which Vermogensbeheer's shareholding amounted to 25 percent as of 31 December 2020. The participating interest is not consolidated in the financial statements since there is no control.

PGGM Pensioenbeheer B.V.

The pension administration activities are performed by PGGM Pensioenbeheer B.V. (Pensioenbeheer). These activities consist of client management and pension administration. Pensioenbeheer has a Wft licence from the AFM to provide advice (Section 2:75) and act as an intermediary (Section 2:80) in:

- pension insurance;
- premium pension receivables; and
- capital.

PGGM Strategic Advisory Services B.V.

PGGM Strategic Advisory Services B.V. (PSAS) has a licence from the AFM pursuant to Section 2:96 of the Wft for providing investment services as defined in Section 1:1(d) of the Wft, and consequently is subject to AFM market conduct supervision and prudential supervision by De Nederlandsche Bank (DNB).

At the end of 2014, PSAS requested the AFM to withdraw the licence for investment service b and c. Effective from 21 January 2015, PSAS has a licence pursuant to Section 2:96 of the Wft, to provide investment services in the Netherlands as defined in Section 1:1 of the Wft, part d of the definition of providing an investment service.

After the balance sheet date PSAS surrendered this licence to the AFM on 22 February 2021 and this was then withdrawn by way of an order on 22 February 2021. In the new situation PSAS no longer offers any investment advice to clients according to the MiFID II definition. PSAS may no longer advise on specific transactions in financial instruments. After surrender of the licence, PSAS is no longer supervised by the AFM.

PGGM Financiële Services B.V.

PGGM Financiële Services B.V. (Financiële Services) has a Wft licence from the AFM to:

- a. provide advice (Section 2:75 of the Wft) on current accounts, consumer credit, electronic money, mortgage loans, income insurance, private and business non-life insurance, savings accounts, capital and health insurance;
- b. act as an intermediary (Section 2:80 of the Wft) in current accounts, consumer credit, electronic money, mortgage loans, income insurance, private and business non-life insurance, savings accounts, capital and health insurance.

PGGM Innovatie B.V.

PGGM Innovatie B.V. (Innovatie) was founded on 21 February 2019 and focuses on implementing processes in any event including innovations within the healthcare and welfare sector. An important product within PGGM Innovatie relates to the Toekomstverkenner. The Toekomstverkenner enables participants and their partners to gather all their personal financial data including other income, mortgages and savings.

Vernet verzuimnetwerk B.V.

PGGM Innovatie B.V. (Innovatie) took over Vernet verzuimnetwerk B.V. (Vernet) in January 2020. Vernet has been a wholly-owned subsidiary of Innovatie since January 2020. Vernet has the object of producing and supplying national absence and financial risk information, offering a network and/or platform for the provision and sharing of knowledge and advice and advising in the areas of absence, absence prevention and sustainable employability.

PGGM Services B.V.

PGGM Services B.V. (Services) focuses on performing work aimed at offering products and services to employees and former employees who are employed or have been employed in the healthcare and welfare sector and to their partners that contribute to strengthening their personal and financial balance and that can promote mutual contacts among them.

PGGM UFO B.V.

PGGM UFO B.V. (UFO) acts as a contract party for pension funds and other institutional clients that wish to make use of the services of PGGM N.V. and its subsidiaries.

Reporting period

These financial statements relate to the 2020 financial year, which ended on the balance sheet date of 31 December 2020.

Accounting standards

The consolidated annual financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code and the financial reporting guidelines published by the Dutch Accounting Standards Board. References are included in the balance sheet, income statement and cash flow statement. These references refer to the explanatory notes.

Application of Section 402, Book 2 of the Dutch Civil Code

The consolidated annual financial statements include the financial data of PGGM N.V. For that reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the company income statement only includes the share in the result of participating interests after tax and the other results after tax.

Continuity

These annual financial statements have been prepared on a going-concern basis.

Related parties

All legal entities over which control, joint control or significant influence can be exercised are deemed to be related parties. Legal entities that can exercise predominant control are also deemed to be related parties. The members of the Executive Board under the Articles of Association, other key officers in the management of the companies or their parent company and those closely allied are also deemed to be related parties.

Significant transactions with related parties are explained to the extent these have not been entered into at arm's length. In such cases, the nature and size of the transactions are explained and other information necessary to provide insight is also given.

2. Principles

2.1 Accounting principles

Comparison to previous year

The accounting principles used for valuations and to determine the result are unchanged with respect to the previous financial year.

Foreign currency

The financial statements are presented in euros, PGGM N.V.'s functional currency. All financial information in euros is rounded off to the nearest thousand. Assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate prevailing on the balance sheet date. This valuation forms part of the fair value valuation. Income and expenses relating to transactions in foreign currencies during the reporting period are converted at the exchange rate prevailing on the transaction date. All foreign currency translation differences are recognised in the statement of income and expenses.

The assets, liabilities, and income and expenses of consolidated participating interests with a functional currency other than the presentation currency are converted at the exchange rate prevailing on the balance sheet date. The resulting translation gains and losses are directly recognised under equity in the statutory foreign currency translation reserve.

Use of estimates

The preparation of the annual financial statements in accordance with Part 9 Book 2 of the Dutch Civil Code requires the Executive Board to make judgements, estimates and assumptions which affect the application of the accounting principles and the reported value of assets and liabilities and of income and expenses. The actual results may differ from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are applied in the period during which the estimate is revised and in the future periods for which the revision has consequences. If insight is required as stated in section 2:362(1) of the Civil Code, the nature of these judgements and estimates including the uncertainties associated with the assumptions will be presented in the explanation on the relevant financial statement items.

Basis of consolidation

The consolidated financial statements comprise the financial data of PGGM N.V., its group companies and other legal entities in which it can exercise control or over which it has central management. Group companies are participating interests in which PGGM N.V. has a controlling interest, or in which policy making influence can be exercised in some other way. The assessment of whether policy-making influence can be exercised involves financial instruments which potentially carry voting rights and can be exercised directly. Participations acquired for the sole purpose of disposal within the foreseeable future are not consolidated.

Newly acquired participating interests are consolidated from the date on which policy-making influence can be exercised. Divested participating interests are consolidated until the date this influence ceases.

In the consolidated annual financial statements, mutual liabilities, receivables and transactions are eliminated, as are any profits made within the group. The group companies are integrally consolidated, whereby the third party minority interests are recorded separately.

Valuation principles for group companies and other legal entities included in the consolidation are changed where necessary to obtain consistency with the applicable valuation principles that apply for the consolidation.

The following companies are included in the consolidation:

Companies		
Name	Place of business	Share in subscribed capital
PGGM N.V.	Zeist, The Netherlands	100%
PGGM AUSTRALIA NOMINEES PTY LIMITED	Sydney, Australia	100%
PGGM Financiële Services B.V.	Zeist, The Netherlands	100%
PGGM Innovatie B.V.	Zeist, The Netherlands	100%
PGGM Pensioenbeheer B.V.	Zeist, The Netherlands	100%
PGGM Strategic Advisory Services B.V.	Zeist, The Netherlands	100%
PGGM Services B.V.	Zeist, The Netherlands	100%
PGGM UFO B.V.	Zeist, The Netherlands	100%
PGGM Vermogensbeheer B.V.	Zeist, The Netherlands	100%
Vernet Verzuimnetwerk B.V.	Amsterdam, Nederland	100%

Acquisitions

An acquisition is a transaction in which the group obtains control over the equity (assets and liabilities) and the activities of an acquired party.

Acquisitions are processed based on the 'purchase accounting' method on the date on which the ownership is transferred to the group (the acquisition date). The acquisition price is set according to the agreed cash amount or equivalent needed to acquire the acquired party or the actual value of the issued compensation on the acquisition date. The costs that are directly attributable to the acquisition will be added to the acquisition price. On payment deferral of the purchase price the acquisition price is set at the cash value of the purchase price.

Acquisitions and disposals of group companies

From the date of acquisition, the results and the identifiable assets and liabilities of the acquired companies are included in the consolidated financial statements. The date of acquisition is the moment that control can be exercised over the relevant company.

The acquisition price is the sum of money, or the equivalent, agreed to acquire the company, increased by any directly attributable costs. If the acquisition price is higher than the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (negative goodwill) is shown as an accrued liability item.

The companies involved in the consolidation are included in the consolidation until they are sold; deconsolidation takes place at the moment when control is transferred.

2.2 Accounting principles for the valuation of assets and liabilities

Recognition of an asset or liability

An asset is recognised in the balance sheet when it is probable that the future economic benefits will accrue to PGGM N.V. and its value can be reliably established.

A liability is included on the balance sheet if it is probable that its settlement will be associated with an outflow of resources and the amount thereof can be reliably established.

When a transaction causes almost all or all future economic benefits and almost all or all risks related to an asset or liability to be transferred to a third party, then the asset or the liability is no longer recognised on the balance sheet. In addition, assets or liabilities are no longer recognised on the balance sheet from the time that the conditions of probable future economic benefits and reliability of establishing the value are no longer met. Assets and liabilities in general are stated at the acquisition price or production cost, or their current value. If no specific valuation principle is stated, valuation is on the basis of the acquisition price.

Financial instruments

Financial instruments are initially recognised at fair value, whereby share premiums and discounts and directly attributable transaction costs are accounted for on initial recognition. However, if financial instruments are recognised at fair value in the subsequent valuation, with value changes being accounted for in the income statement, directly attributable transaction costs are taken directly to the income statement. Financial instruments embedded in contracts which are not separated from the basic contract are accounted for in accordance with the basic contract.

The securities included under the current assets, as far as these relate to the trade portfolio or to the equity instruments outside the trade portfolio, are valued at the fair value. All other financial instruments included in the balance sheet are valued against the (amortised) purchase price.

Fair value

The fair value of a financial instrument is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties who are independent of each other. The fair value of financial instruments shown in the balance sheet under 'Cash and cash equivalents', 'Current receivables' and 'Current liabilities' is an approximation of their carrying amount.

Intangible fixed assets

Intangible fixed assets are stated at their acquisition price or production cost net of amortisation. Impairments are taken into account; an impairment arises when the carrying amount of an asset (or the cash flow generating entity to which the asset belongs) is greater than the realisable value. Intangible fixed assets are stated at their acquisition price on initial recognition. With regard to the determination of whether an intangible fixed asset is subject to an impairment, please see the 'Impairment of Fixed Assets' section.

Goodwill

Goodwill is the positive difference between the acquisition price and the fair value (initial valuation) of the acquired assets and liabilities at the moment of acquisition. Goodwill is subject to straight-line amortisation on the basis of the useful economic life of the asset.

Software

Software is stated at the acquisition price or at the production cost net of cumulative depreciation. These assets are subject to straight-line depreciation over their estimated economic life, taking account of any contract term.

Property, plant and equipment

Buildings and land

Buildings and land are valued at current purchase price. At the time when the asset is acquired or produced, it is stated at the acquisition price or production cost. Valuation then takes place based on the current value model, this being the lowest current purchase price or the realisable value after deduction of cumulative depreciation. If a decision is taken to sell property, plant or equipment, the value is recognized at the net realisable value.

Buildings are subject to straight-line depreciation over their estimated economic life with a residual value of 20 percent of the current purchase price. Buildings are subdivided into the categories of shells, completions and installations and are depreciated to the aforementioned residual value in 40, 25 and 15 years respectively. Land is not subject to depreciation. The fair value is checked regularly according to the guidelines. PGGM uses the following schedule for this check:

- year 2020 a full valuation by the external appraiser;
- year 2021 a review of parameters by PGGM and the external appraiser for triggers;
- year 2022 a desktop valuation by the external appraiser;
- year 2023 a full valuation by the external appraiser.

Parameters including the following are taken into account in the appraisal:

- continuing intention of permanent use as company office space;
- changes in the space requirements;
- changes in the net initial return;
- changes in the market rental value;
- recent transactions; and
- effective VAT burden.

The appreciation of property, plant and equipment is directly accounted for in a revaluation reserve item under equity. However, the appreciation should be accounted for in the income statement to the extent that it is a reversal of a downward value adjustment of the same asset previously accounted for as an expense in the income statement.

Revaluation reserves are formed and held for each asset. Downward value adjustments are recognised directly in the income statement to the extent that they cannot be charged to a previously formed revaluation reserve. A downward value adjustment occurs when the current value of a tangible fixed asset is lower than the original acquisition price or production cost (net of depreciation).

The costs of major maintenance to and replacement of (parts of) company buildings are capitalised at acquisition price net of cumulative depreciation. The costs of regular maintenance and repairs are directly accounted for as an expense in the income statement annually.

Plant and equipment

Plant and equipment are stated at the acquisition price net of cumulative depreciation. These assets are subject to straight-line depreciation over their estimated five to ten-year economic life, taking account of any potential contract term. The residual value is zero.

Other operating assets

The other operating assets comprise furniture and equipment, computer hardware, artworks and other operating assets. The other operating assets are stated at their acquisition price net of cumulative depreciation. These assets are subject to straight-line depreciation over their estimated five to ten-year economic life. The residual value is zero. Artworks are not subject to depreciation.

Financial fixed assets

Participating interests in which significant influence is exercised

Participating interests in which significant influence can be exercised on the business and financial policy are stated in accordance with the equity accounting method on the basis of the net asset value.

PGGM N.V.'s accounting principles are used to determine the net asset value. Results on transactions involving a transfer of assets and liabilities between PGGM N.V. and its participating interests and between participating interests themselves are eliminated to the extent these can be deemed to be unrealised.

Participating interests with a negative net asset value are stated at nil. A provision is created when PGGM N.V. wholly or partially guarantees the relevant participating interest's debts, or has the constructive obligation (for its share) of enabling the participating interest to pay its debts.

This provision is primarily formed against the receivables from the participating interest and for the remainder, under the provisions according to the size of the share in the losses sustained by the participating interest, or for the expected payments by PGGM N.V. in respect of this participating interest.

The initial valuation of acquired participating interests is based on the fair value of the identifiable assets and liabilities at the moment of acquisition. For the subsequent valuation, the principles applicable to these financial statements are used, with the initial valuation used as a basis.

Participating interests in which there is no significant influence

Participating interests in which no significant influence is exercised are stated at the lower of the acquisition price or realisable value. If there is a firm disposal intention, the participating interest is shown at the lower expected sales value, if applicable.

Subordinated loans

The subordinated loan is shown at the amortised cost price on the basis of the effective interest method, taking account of the market rate at the time of the contracting of the subordinated loan. The interest expense is shown in the statement of income and expenses on the basis of the effective interest method.

Impairments of fixed assets

For fixed assets, an assessment is conducted on every balance sheet date to determine whether there are any indications that these assets may be subject to impairment. If this appears to be the case, the realisable value of the asset is estimated. The realisable value is the higher of the value in use or the net selling price. If it is not possible to estimate the realisable value of an individual asset, the realisable value of the cash-generating unit to which the asset belongs (the asset's cash-generating unit) is determined.

Impairments occur when the book value of an asset is higher than the realisable value; the realisable value is the higher of the net selling price or the value in use. An impairment loss is directly processed in the income statement with a simultaneous reduction of the carrying amount of the relevant asset.

Reversal of an impairment recognised previously takes place only in the event of a change in the estimates used to determine the realisable value since the latest impairment loss shown. In that case the carrying amount of the asset is raised to the estimated realisable value, but no higher than the carrying amount that would have been determined (after depreciation) if no impairment loss had been recognized for the asset in earlier years.

Receivables

On initial recognition, receivables are stated at the fair value of the consideration received in return. Accounts receivable are stated at the amortised cost price after initial recognition. If the receipt of the receivable is deferred on grounds of an agreed extension to a payment term, the fair value is determined with reference to the present value of the expected receipts and interest income based on the effective interest rate is taken to the income statement. Provisions for bad debt are deducted from the book value of the receivable.

Securities

The investments in money market funds are valued at fair value. The net asset value that the fund manager has published is used for the fair value. The net asset value is the value that the particular investment fund uses upon entry or exit. After initial recognition, investments in money market funds must be stated at fair value, with changes in the value recognised directly in the income statement. Interest received during the year is recognised as income in the income statement.

Transaction costs that are attributable to securities that are stated at fair value after an initial processing against actual value with processing the value changes via the equity are processed in the first valuation. On the sale of the securities to a third party, the transaction costs are processed in the income statement. Transaction costs that are attributable to securities that are stated at fair value against an amortised cost price will be processed in the first valuation.

Securities that are part of the current assets have a term of less than a year.

Cash and cash equivalents

Cash and cash equivalents are stated at face value.

Provisions

General

Provisions are formed for legally enforceable or actual obligations that exist on the balance sheet date, in which it is likely that an outflow of resources is necessary and of which the size can reliably be estimated. Provisions are stated at the face value of the expenditure expected to be necessary to settle the liabilities, unless stated otherwise.

Restructuring provision

A restructuring provision is made if, on the balance sheet date, a detailed restructuring plan has been formalised which, by the date of finalisation of the financial statements at the latest, will cause legitimate expectations of the plan being implemented to be generated among those for whom the restructuring will have consequences. There are deemed to be legitimate expectations if the implementation of the restructuring operation has started, or if the main points have been made known to those for whom the restructuring will have consequences.

Provision for Life Insurance

On the sale of the life insurance portfolio, a number of guarantees were provided to the buyer. The guarantees agreed with the buyer are also taken into account in this provision.

Provision for anniversaries

The provision for anniversaries is a provision for future anniversary payments. The anniversary bonus scheme was withdrawn on 1 January 2018. Employees will be (partially) compensated for the withdrawal of this bonus. The anniversary provision is made on the basis of the calculation in the collective labour agreement (CLA), taking account of the following elements:

- employees to whom the scheme applies;
- years of service on the reference date of 1 January 2018;
- salaries; and
- percentage of the benefits paid in four years according to the CLA.

Provision for onerous contracts

The provision for onerous contracts relates to the negative difference between the expected benefits from the performance to be received by PGGM N.V. after the balance sheet date and the unavoidable costs to fulfil the obligations. At a minimum the unavoidable costs are the costs which have to be incurred to get out of the agreement, being the lower of the costs of fulfilling the obligations and the compensation or penalties of not fulfilling the obligations. A provision is formed for onerous contracts if it is probable that the inevitable costs of compliance with the obligations exceed the economic benefits of those contracts.

Provisions for DVI

PGGM N.V. has included a provision for Deferred Variable Income (DVI). DVI is intended for rewarding key employees. This form of remuneration is in addition to the variable remuneration scheme.

Other provisions

The other provisions are shown at face value.

Current liabilities

Current liabilities are stated at fair value on initial recognition. After initial recognition, the liabilities are recognised at amortised cost (equal to the face value if there are no transaction costs).

2.3 Principles for determination of the result

Recognition of income and expenses

Income is recorded in the income statement if an increase in economic potential associated with an increase in the value of an asset or a decrease in the value of a liability occurred, provided that the value thereof can be reliably established.

An expense is recorded if a decrease in economic potential associated with a decrease in the value of an asset or an increase in the value of a liability occurred, provided that the value thereof can be reliably established.

The result is determined as the difference between the net realisable value of the delivered performance and the costs and other expenses incurred over the year. Transaction revenues are recognised in the year in which they are realised.

Management fees

These are fees received from third parties for board support, policy advice, pension administration, fiduciary advice and asset management services. Income from the provision of services is recognised proportionate to the degree to which the services have been provided, based on the services performed up to the balance sheet date as a percentage of the total services to be provided, net of any discounts and the like and tax levied on the revenue.

Other revenue

Results are included under other business revenue that are not directly associated with the supply of goods or services in the context of normal, non-incident business activities.

Costs of outsourced work and other external expenses

The costs of outsourced work and other external expenses consist of all the other external costs that are directly related to the work performed by third parties.

Personnel expenses

The personnel benefits are recognised in the income statement in the period in which the professional performance is effected and, insofar as it is not yet paid, as a liability in the balance sheet. If the amounts paid exceed the benefits owed, the excess is recognised as prepayment and accrued income insofar as the personnel is expected to repay this amount or the amount will be offset against future payments by the company. If a benefit is paid for which no entitlements have been accrued (for example, continued payment in case of illness or occupational disability), the expected expenses are recognised in the period in which the benefit is owed. A provision is made for liabilities existing on the balance sheet date for the continued future payment of benefits (including severance pay) to employees who, on the balance sheet date, are expected to be fully or partially unable to perform work due to illness or occupational disability. The liability is recognised as the best estimate of the amounts that will be needed to settle the relevant liability on the balance sheet date. Additions to and the release of liabilities are charged or credited to the income statement, respectively.

Other operating expenses

Other operating expenses include those costs that are recognised for the year and that are not directly charged to the cost price of the supplied goods.

Financial income and expenses

PGGM N.V. and its subsidiaries state interest income and expenses relating to cash and cash equivalents as a result of the interest compensation system at PGGM N.V. In the financial statements, the interest income and expenses are assessed for each individual credit institution and, ultimately, the net position is presented as an interest income or expense.

Share in the result of participating interests

The share in the result of participating interests consists of the Group's share in the results of these participating interests, determined on the basis of the Group's accounting policies. Results on transactions, involving a transfer of assets and liabilities between the Group and the non-consolidated participating interests and between non-consolidated participating interests themselves are not recorded to the extent that these can be deemed to be unrealised.

The results of participating interests which are acquired or disposed of during the financial year are recorded in the Group's results from the moment of acquisition until the moment of disposal.

Pension scheme

The pension scheme for PGGM N.V. employees is incorporated into the PFZW industry-wide pension fund. The retirement pension is a defined benefit plan on the basis of the (conditionally) indexed average salary. Indexation of the retirement benefits depends on the financial position of the pension fund.

End 2020 the coverage level amounts to 92.6% (2019: 99.6%). As a consequence of this coverage level, a recovery plan is in force for the 2020-2029 period. The following is included in this recovery plan:

- PFZW increases the contribution with a contribution markup of 2% points throughout the recovery period. This markup is intended to enable the coverage level to recover more quickly and return to a financial position in the long term in which it is again possible to increase pensions (indexation).
- PFZW does not fully increase the pensions during the recovery plan. According to legal requirements an increase can only take place from a coverage level of 110%, and then only gradually. PFZW can index pensions completely if coverage is approximately 130%. Indexing pensions does, however, result in recovery being slower. If PFZW does not recover in time, it can still adjust the indexation policy (for example by indexing later).

The premium due to the pension fund is recognised in the income statement as an expense, and, if this premium has not yet been paid to the pension fund, it is accounted for as a liability in the balance sheet.

PGGM N.V. is not obliged to pay additional contributions in the event of a shortfall in the pension fund, other than to meet any higher future premium contributions.

The basic principle applied is that the pension costs recognised in the reporting period are equal to the pension premiums owed to the pension fund over the same period. A liability is recorded if, on the balance sheet date, the premiums owed are not fully paid up. If, on the balance sheet date, the paid premiums exceed the premiums owed, an item for prepayment and accrued income will be included provided that the fund is expected to issue a repayment or offset the excess premiums paid against future premiums owed.

Leasing

PGGM N.V. and its subsidiaries may conclude financial and operational lease contracts. Lease agreements whereby the advantages and disadvantages of ownership of the lease object are wholly, or almost wholly, borne by the lessee are classified as financial leases. All other lease agreements are classified as operational leases. When classifying a lease, the determining factor is the economic reality, not necessarily the legal form. Lease payments are processed on a linear basis in the income statement over the term of the contract, taking into account the fees received from the lessor.

Taxes

The tax over the result is calculated over the result before taxes in the income statement, taking into account the available, tax offsettable losses from the previous financial years (as far as these are not included in the deferred tax assets) and profits exempt from taxes and after adjustment of non-deductible costs. Changes that occur in the deferred tax assets and deferred tax liabilities based on the changes in the tax rate used have also been taken into account.

The tax to be paid or offset for the financial year is the expected tax charge on taxable profit for the financial year, calculated using the tax rates in force on the reporting date, or that are materially decided on the reporting date, and include any corrections to tax payable for prior years.

If the carrying values of the assets and liabilities for financial reporting purposes deviate from their carrying values for tax purposes, then there are temporary differences. A provision for deferred tax liabilities is made for taxable temporary differences.

A deferred tax asset is recorded for offsettable temporary differences, available losses carried forward and netting opportunities not yet utilised, but only to the extent that it is probable that future taxable profits will be available for netting or compensation. Deferred tax assets are reviewed on every reporting date and are reduced insofar as it is no longer likely that the corresponding tax benefit will be realised.

A deferred tax liability is recognised for taxable temporary differences concerning group companies, foreign non-independent entities, participating interests and joint ventures, unless the company is able to determine at what moment the temporary difference will expire and it is likely that the temporary difference will not expire in the foreseeable future.

A deferred tax asset is recognised for offsettable temporary differences concerning group companies and participating interests, but only to the extent that it is probable that the temporary difference will expire in the foreseeable future and that taxable profit will be available to compensate for the temporary difference. Deferred tax assets and liabilities are valued at face value.

Within the PGGM Group, corporation tax on the taxable result is calculated for each entity. Ultimately, PGGM Coöperatie U.A. settles with the Tax and Customs Administration.

2.4 Principles for the cash flow statement

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash flows in foreign currencies are translated to euros on the basis of the average exchange rates for the relevant periods. Income and expenses arising from interest, dividends received and tax on profits are included in the cash flow from operating activities. Dividends paid are recognised under the cash flow from financing activities. The acquisition price of the acquired group company is included under the cash flow from investment activities, if the payment was made in cash. The cash and cash equivalents that are present in the acquired group company are deducted from the purchase price.

3. Intangible fixed assets

	Goodwill	Software	Prepaid on intangible fixed assets	Total
Balance as at 1 January 2020				
Acquisition price or production cost	139,871	46,020	0	185,891
Accumulated amortisation and impairment	-139,871	-43,949	0	-183,820
Book value as at 1 January 2020	0	2,071	0	2,071
Changes				
Investments	1,503	449	15	1,967
Disposals	0	0	0	0
Impairments	0	0	0	0
Amortisation	-150	-731	0	-881
Balance	1,353	-282	15	1,086
Balance as at 31 December 2020				
Acquisition price or production cost	141,374	46,469	15	187,858
Accumulated amortisation and impairment	-140,021	-44,680	0	-184,701
Carrying amount as at 31 December 2020	1,353	1,789	15	3,157

Amortisation period

Goodwill	10 years
Software	5 years

Goodwill

The goodwill arose following the acquisition of the administrative organisation by PGGM in 2008 and the acquisition of Vernet in 2020 and concerns the positive difference between the acquisition price and the acquired assets and liabilities. Capitalised goodwill is subject to straight-line amortisation on the basis of the useful economic life of the asset.

Software

The investments mainly concern licences of the back office system for the pension and investment administration.

4. Property, plant and equipment

	Buildings and land	Plant and equipment	Other operating assets	Total
Balance as at 1 January 2020				
Acquisition price or production cost	104,746	3,663	23,544	131,953
Accumulated depreciation and impairment	-21,911	-3,009	-18,703	-46,623
Book value as at 1 January 2020	82,835	654	4,841	88,330
Changes				
Investments	1,749	0	2,926	4,675
Disposals	0	0	-119	-119
Impairments	-18,078	0	0	-18,078
Depreciation of disposals	0	0	59	59
Adjustment of cumulative impairment and depreciation revaluation	4,778	0	0	4,778
Depreciation	-4,568	-232	-1,396	-6,196
Balance	-16,119	-232	1,470	-14,881
Balance as at 31 December 2020				
Acquisition price or manufacturing cost	88,417	3,663	26,351	118,431
Accumulated depreciation and impairment	-21,701	-3,241	-20,039	-44,982
Carrying amount as at 31 December 2020	66,716	422	6,311	73,449

Depreciation terms

Land and sites:	no depreciation applicable
Buildings - shells:	40 years
Buildings - completed:	25 years
Buildings - building-related systems:	15 years
Plant and equipment:	5-10 years
Other operating assets :	5-10 years

PGGM N.V. is the economic owner of the land and buildings. PGGM Coöperatie is the legal owner of both the buildings and the land. In accordance with the policy, a full valuation was performed by the external appraiser at the end of 2020. Based on this, the valuation was lowered by € 13.3 million (downward value adjustment € 18.1 million minus cumulative downward value adjustments and amortisation revaluation € 4.8 million). The net effect on equity after deducting tax amounts to € 10.0 million.

5. Financial fixed assets

	Participating interests	Deferred tax assets/liabilities	Loan Volo Pension	Total
Balance as at 1 January 2020	1,599	17,362	2,340	21,301
Changes				
Investments	600	0	0	600
Disposals	-1,599	0	0	-1,599
Result of participating interests	-450	0	0	-450
Value changes	0	1,122	0	1,122
Balance as at 31 December 2020	150	18,484	2,340	20,974

Participating interests

On 21 April 2020 (with retrospective effect as of 1 January 2020) Vermogensbeheer sold its (approximately 10 percent) interest in Sustainalytics Holding B.V. The actual transfer of the shares took place on 6 July 2020. The sales price was € 15.2 million and this resulted in a book profit for Vermogensbeheer of € 13.6 million.

On 2 June 2020, Vermogensbeheer acquired a 50 percent interest in Design Authority B.V. Subsequent to that date another 2 participants joined as a consequence of which Vermogensbeheer had a shareholding of 25 percent as at 31 December 2020. This interest was acquired through an investment of € 0.6 million. The acquired share generated a negative result of € 0.5 million in 2020.

Deferred tax assets/liabilities

The deferred tax assets mainly relate to temporary differences in the tax valuation and commercial valuation that apply to the building as well as to the processing of goodwill. Of these deferred liabilities an amount of € 2.7 million (2019: € 4.1 million) is expected to be deductible within 1 year.

Volo Pension loan

At the end of 2016, PGGM N.V. made additional capital available in the form of a subordinated loan with an indefinite term to finance the start-up costs of Stichting Algemeen Pensioenfonds Volo pensioen (Volo). The amount of the subordinated loan is € 2.34 million (2019: € 2.34 million). Volo pays interest equal to the EURIBOR rate with a 50 basis point mark-up. The interest is owed quarterly in arrears on the last day of each quarter and is calculated on the basis of a 30-day month and a 360-day year.

Because of the termination of the contract with Volo and the fact that the business case can no longer be realised, PGGM N.V. classifies the Volo contract as an onerous contract. PGGM N.V. creates a provision for this in accordance with the reporting guidelines for the unavoidable costs. The settlement agreement provides for additional financing, so that the loan can be repaid in the event of the liquidation of Volo. PGGM N.V. does not therefore recognise any impairment. At the end of the financial year this claim is expected to be shorter than one year.

6. Receivables

	31 December 2020	31 December 2019
Accounts receivable	61,967	64,464
Receivables from group companies	2,610	0
Amounts to be invoiced	8,211	9,925
Prepayments and accrued income	8,632	7,011
Total	81,420	81,400

Accounts receivable

The accounts receivable primarily consist of pre-invoiced amounts to institutional clients relating to pension management, asset management, policy advice and board support in 2021. An amount of € 2.8 million (2019: € 4.5 million) relates to the settlement of the Deferred Performance Interest (DPI) scheme and consists of a claim on PGGM's Private Equity funds. Of this an amount of € 1.7 million (2019: € 2.8 million) has a term of more than one year.

Receivables from group companies

The receivables from group companies relate to the current account with PGGM Coöperatie U.A. No interest is charged on the receivables.

Amounts to be invoiced

Amounts to be invoiced relate to amounts still to be charged to investment funds and institutional clients.

Prepayments and accrued income

The prepayments and accrued income primarily consist of prepaid expenses to suppliers. Of this an amount of € 0.6 million (2019: € 1.1 million) has a term of more than one year.

7. Securities

In 2019, PGGM decided to invest some of the cash in money market funds. Investing in money market funds achieves a distribution of the banking counterparty risk. In accordance with the cash and cash equivalents' policy € 59.8 million (2019: € 30.1 million) was invested in money market funds in 2020.

8. Cash and cash equivalents

Cash relates to credit balances which are held in Dutch credit institutions. The company's own cash and cash equivalents form part of the balance and interest set-off system within PGGM. As a result of participation in the interest set-off system, the company is jointly and severally liable for all obligations arising from this. Of the cash and cash equivalents by end 2020 the entire amount was freely available, by end 2019 € 8.2 million was not freely available.

Vermogensbeheer is the asset manager for external clients and for the PGGM investment funds. Partly due to the positions taken by the AFM and the developments in regulation with respect to derivatives and the desires of counterparties, the decision was taken in 2019 to switch to having cash management set up locally to execute derivatives transactions decentrally and to dismantle PGGM Treasury B.V. A sum of € 7 million was also received at year-end 2020 which is intended for PGGM funds. These monies received were passed on to the relevant funds at the beginning of January.

9. Equity

The equity is further explained in the notes to the balance sheet of the company financial statements. The movement in the group equity and insight into the overall result (group result and direct changes) is as follows:

	2020	2019
Balance as at 1 January	210,874	198,040
Group result after tax	29,010	7,593
Property, plant and equipment	-9,975	4,648
Correction VPB	911	593
Total result of the income and expenditure reported directly in equity	-9,064	5,241
Total result of the legal entity	19,946	12,834
Dividend payment	0	0
Total direct changes in the equity on account of relations with shareholders	0	0
Balance as at 31 December	230,820	210,874

10. Provisions

	Restructuring	Anniversaries	Life insurance	Onerous contracts	DVI	Total
Balance as at 1 January 2020	1.057	801	1.100	9.000	8.653	20.611
Changes						
Additions	6,238	0	0	1,111	5,716	13,065
Usage	-833	-454	0	-8,413	-1,141	-10,841
Release	-31	0	-1,100	-493	-6	-1,630
Balance as at 31 December 2020	6,431	347	0	1,205	13,222	21,205

An amount of € 14.8 million from the provisions is recognised as long term (longer than a year).

Restructuring provision

In 2020 a restructuring plan was established that is part of the Pensioenbeheer long-term plan for the period up to 2026. On the basis of this plan a provision for severance pay for collective and individual processes was included in the restructuring provision. The total allocation involved in this restructuring plan is € 5.3 million and comprises € 4.6 million in costs related to employees being made redundant and € 0.7 million in costs that are expected to be needed to execute the reorganisation. The most important estimates in calculating the reorganisation provision relate to the number of jobs that will disappear (20-25%), the average payout according to the social plan and the average in additional costs that will be included per employee, such as legal assistance and training costs. The provision for the restructuring is accounted for at PGGM N.V. The costs are accounted for via the current account in Pensioenbeheer. The other changes within the restructuring provision relate to individual processes.

Provision for anniversaries

The anniversary provision is calculated according to the calculation method in the 2018 CLA and ends in 2021.

Provision for Life Insurance

On the sale of the life insurance portfolio, a number of guarantees were provided to the buyer. One of the guarantees agreed with the buyer is also taken into account in this provision, the so-called guarantee relating to the 'longevity risk' agreed with the buyer. PGGM signed a settlement agreement with PGGM on 13 July 2020 in which all guarantees come to expire by end 2020 and this has led to a release of the provision. It was also agreed in the settlement agreement that PGGM would still receive € 0.3 million, which in the first instance generated a positive result of € 1.4 million.

This is offset by a negative result from the guarantee 'mismatch' of € 1,1mln. In the sold life insurance portfolio there is an investment portfolio in which the policy holders are entitled to a guaranteed PFZW return. This guarantee remains in effect for the policyholders after the sale. In the sales agreement PGGM N.V. gave the buyer a guarantee in relation to the PFZW return. The 'mismatch' settlement is therefore the settlement of the difference between the PFZW return and the return on the benchmark (replication of actual return on the replicated asset mix (RAM)). PGGM determines the RAM so that it matches PFZW's investment mix as closely as possible.

On balance there is a positive result of € 0.3 million.

Provision for onerous contracts

In accordance with the reporting guidelines PGGM N.V. has included a provision by end 2020 for the unavoidable costs of onerous contracts with Stichting Pensioenfonds Philips (Philips), Volo and Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM PPI).

The unavoidable costs are based on the current viability of these services, taking into account any circumstances that may apply to the remaining period of the onerous contract. By end 2020, the remaining term of all onerous contracts is less than one year.

Provisions for DVI

PGGM N.V. has included a provision for Deferred Variable Income (DVI). DVI is intended for rewarding key employees. This form of remuneration is in addition to the variable remuneration scheme. The most important estimates at the DVI and DVI-GAF relate to the average payment percentage of the targets as well as the estimate of the compound interest (only for DVI-GAF), taking into account the chance of the leavers of the employees.

11. Current liabilities

	31 December 2020	31 December 2019
Fees from institutional clients invoiced in advance	40,464	40,793
Fees from institutional clients received in advance	31,698	27,407
Creditors	2,653	3,542
Taxes and social security contributions	13,430	12,157
Amounts owed to group companies	0	409
Amounts owed to policy-holders from direct insurance	0	56
Accruals and deferred income	29,650	22,148
Total	117,895	106,512

All current liabilities have a remaining term of less than one year.

Pre-invoiced amounts institutional clients

The pre-invoiced amounts relate primarily to the invoicing of activities for pension management, asset management, policy advice and board support to institutional clients in 2021.

Fees from institutional clients received in advance

The amounts received in advance mainly concern client fees received in advance for services in 2021.

Taxes and social security contributions

This relates to payroll taxes and social security contributions still to be paid.

Accruals and deferred income

The item accruals and deferred income primarily consists of amounts payable, reserves for holiday days, bonuses for personnel and interest payments. An amount of € 2.8 million (2019: € 4.5 million) relates to the Deferred Performance Interest (DPI) scheme. Of this, an amount of € 1.7 million (2019: € 2.8 million) has a term of more than one year. At the end of the financial year an item of approximately € 7 million was received which is intended for PGGM funds. These funds were deposited to the relevant fund account in early January.

12. Off-balance sheet assets and liabilities

Claims

There were no outstanding claims at year-end 2020.

Credit facility PFZW

PGGM N.V. has a credit facility with Stichting Pensioenfonds Zorg en Welzijn (PFZW). PGGM N.V. pays interest equal to the EURIBOR rate with a 50 basis point mark-up for any withdrawals from this credit facility. The maximum of the total credit facility is set at €150 million. The credit facility was made available from 1 January 2008 for an indefinite period. No repayment arrangement has been made. PGGM N.V. made no use of the credit facility with PFZW in 2020.

Balance and interest set-off system

Together with its subsidiaries and its sole shareholder PGGM Coöperatie, PGGM N.V. makes use of the balance and interest set-off system at one of the Dutch credit institutions.

Liability of a tax entity

Together with its subsidiaries and single shareholder, PGGM Coöperatie, PGGM N.V. forms a tax entity for corporation tax purposes and, for that reason, is jointly and severally liable for all the ensuing liabilities.

In addition, PGGM N.V. and its subsidiaries, together with PGGM Coöperatie U.A. and PFZW, forms part of a tax entity for VAT purposes, as a result of which it is jointly and severally liable for any VAT liabilities of the entities belonging to the tax entity.

Operational lease liabilities

The operational lease liabilities relate to lease cars provided to personnel. The liability runs until 2025. The total liability amounted to € 4.5 million as at 31 December 2020 (2019: € 4.0 million). An amount of € 1.6 million (2019: € 1.6 million) is payable within one year. No obligations longer than five years.

Buildings liability

The total liability amounted to € 3.3 million as at 31 December 2020 (2019: € 3.0 million). The liability runs until 2023.

Hardware and software liability

The total liability amounted to € 46.3 million as at 31 December 2020 (2019: € 55.6 million). The liability runs until 2025. An amount of € 31.6 million is payable within one year.

Issued guarantee Rabo PGGM PPI

PGGM N.V. has issued a guarantee of €875 thousand (2019: € 875 thousand) to finance Rabo PGGM PPI.

Issued guarantee Volo pensioen

PGGM N.V. and Volo conducted negotiations on the settlement and liquidation of Volo pensions in 2018 and recorded the outcomes in a settlement agreement. In 2019, Volo called in the guarantee that ensures that Volo can at all times have at its disposal the minimum buffer capital required by the Pensions Act. PGGM N.V. paid out a total of € 2.2 million in guarantee in 2020, thereby satisfying the obligation in the settlement agreement. In 2020 PGGM N.V. recognised this charge under the called-in guarantee in the year in which it arose in accordance with the reporting guidelines.

Issued guarantee Design Authority

PGGM has a shareholding in Design Authority BV and is legally obliged to finance its pro rata share in the costs of Design Authority BV if income lags behind in order to cover these costs for a financial year. These costs are accounted for by PGGM in the financial year to which these costs relate.

13. Revenue

Management fees

	2020	2019
Management fees for asset management	149,805	137,750
Management fees for pension management	120,399	123,013
Management fees for policy advice and board support	38,014	36,500
Total	308,218	297,263

Management fees for asset management

The fees for asset management relate to the asset management activities for institutional clients and the PGGM funds. A management fee is charged for these services. These fees are renegotiated each year. The increase in revenue was mainly due to new fee agreements in 2020.

Management fees for pension administration

The fees for pension administration concern administration and management services for pension funds. The decrease in revenue was mainly due to new fee agreements in 2020.

Management fees for policy advice and board support

The fees for policy advice and board support concern the advisory services and board support activities provided to institutional clients. This likewise includes the advisory services in relation to investment policy and fiduciary advice.

Other revenue

	2020	2019
Revenue from members	298	594
Other revenue	960	0
Total	1,258	594

Revenue from members

The revenue from members' activities consists of payments for organising paid activities for PGGM Coöperatie members.

Other revenue

Other revenue includes the Vernet activities and concerns revenue relating to sickness absence registration.

14. Costs of outsourced work and other external expenses

	2020	2019
External personnel	47,233	42,040
Consultancy costs	1,137	985
Total	48,370	43,025

15. Personnel expenses

	2020	2019
Salary	137,929	127,268
Social security costs	14,627	14,277
Pension costs	15,807	14,779
Other personnel costs	11,671	14,652
Total	180,034	170,976

On the basis of a headcount, the average number of employees at year-end was as follows:

	2020	2019
Pensioenbeheer	622	492
Vermogensbeheer	424	381
Information, Finance, Control	236	358
Institutional Business	144	158
Corporate Staff services	95	100
PGGM&CO Members' Organisation	15	17
Total	1,536	1,506

The average number of FTEs for 2020 was 1,477 (2019: 1,450). Of this, no employees worked outside the Netherlands (2019: 0).

Remuneration of executive and supervisory directors

The total remuneration of the members of the Executive Board is as follows:

2020	Periodically paid remuneration	Remuneration payable in the future	Total
E. Velzel	519	19	538
W.J. Brinkman	466	18	484
Total	985	37	1,022

2019	Periodically paid remuneration	Remuneration payable in the future	Total
E. Velzel	513	19	532
W.J. Brinkman (from 1-11-2019)	71	3	74
PA.M. Boomkamp (left PGGM as of 31-10-2019)	373	15	388
Total	957	37	994

The periodically paid remuneration is the sum of the gross salary, social security costs and holiday allowance.

Pension costs are shown in 'Remuneration payable in the future'.

The remuneration of board members is stated in accordance with Section 2:383c of the Dutch Civil Code. For a more detailed explanation of the remuneration of the members of the Executive Board, see the Directors' Report.

Each member of the Supervisory Board receives an annual fee of € 29.3 thousand (2019: € 29.3 thousand). The chair receives remuneration of € 33.8 thousand (2019: € 33.8 thousand). These fees include work undertaken for the audit, risk and compliance committee and the remuneration, selection and appointments committee and are exclusive of travel expenses and VAT. In 2020, the total remuneration of the Supervisory Board was € 183.6 thousand, excluding VAT (2019: € 182.9 thousand).

The remuneration of the Supervisory Board was not indexed in 2020.

No loans, advances or guarantees were provided to the members of either the Executive Board or the Supervisory Board.

16. Amortisation of intangible fixed assets and depreciation of property, plant and equipment

	2020	2019
Amortisation of intangible fixed assets	881	15,936
Depreciation of property, plant and equipment	6,196	5,524
Total	7,077	21,460

The decrease in amortisation of intangible fixed assets was caused because the final depreciation on goodwill took place in 2019 (€ 14.9 million). This goodwill arose following the acquisition of the pension administrator in 2008.

17. Other operating expenses

	2020	2019
Accommodation expenses	5,629	5,576
IT costs	40,606	36,658
Marketing expenses	612	382
Other expenses	6,648	10,048
Total	53,495	52,664

Other expenses

The other expenses item also includes the changes in the provision for onerous contracts of an addition of € 1.1 million and a release of € 0.5 million in total.

18. Taxes

	2020	2019
Tax expense	913	4,048
Adjustment of deferred tax due to reduction in corporation tax rates	-1,102	-1,662
Change in deferred tax assets	4,194	-776
Total	4,005	1,610

Nominal tax rate	25.00%	25.00%
Adjustment of deferred tax due to reduction in corporation tax rates	-5.54%	-8.43%
Non-taxable income and expenses	0.69%	0.92%
Effective tax liability	20.15%	17.49%

The nominal tax rate of 25% is calculated by dividing the current taxes and changes in deferred taxes by the result before taxes. The effective tax rate deviates by 4.85% from the applicable tax rate of 25% due to the change of the deferred tax as a consequence of corporation tax rate changes and non-deductible costs.

19. Transactions with related parties

Transactions with related parties are said to exist when there is a relationship between the company, its participating interests and their board members and management. There were no transactions with related parties which were not conducted at arm's length. See the notes on personnel costs for the remuneration of board members.

20. Auditors' fees

In the financial year, the following amounts (including VAT) in auditor fees were charged to the income statement:

	2020	2019
Audit of the financial statements	218	271
Other assurance activities	1,357	1,776
Other non-audit services	15	-
Total	1,590	2,047

The above fees relating to the audit of the Financial statements concern solely the activities involved at PGGM N.V. and the companies involved in the consolidation which are performed by the auditors and external auditors as referred to in section 1(1) of the Wet toezicht accountantsorganisaties (Wta, Audit Firms Supervision Act).

21. Post-balance-sheet-date events

Coronavirus pandemic

Despite the previous success in delaying the spread of COVID-19, the global infection rate has recently increased dramatically. Uncertainty remains regarding the evolution of the virus, the measures that can be taken to delay the spread of this and the timing of the vaccination process.

In the Netherlands social life has ground to a halt and many other countries around the world are closing their doors. There are both national and international policy plans to prevent the spread of the virus. Policymakers from central banks and governments determine to a large extent how deeply the coronavirus will affect the economic and financial markets and how quickly the recovery will be as soon as the virus is under control. The current COVID-19 pandemic has increased uncertainty regarding the economy. Despite this uncertainty we remain carefully optimistic that there will be no negative consequences for PGGM N.V.'s business operations.

Beyond this, COVID-19 has no impact on the financial continuity of PGGM N.V. looking at the current Equity Policy of PGGM N.V. and its subsidiaries. PGGM N.V. is solvent enough to safeguard continuity. There is consequently no liquidity risk.

Partly because of the growing number of infections, the advice to ‘work from home unless this is impossible’ has been extended to the end of April 2021. These developments for the short term but also the estimate for the long term (more homeworking is expected to be the ‘new normal’) will provide additional focus points for such things as the office accommodation issue.

Stichting Rabo PGGM Premiepensioeninstelling

At the end of 2020, various meetings took place between Stichting Rabo PGGM PPI, PGGM and Rabobank about the future of PPI. As a result of these, the parties decided to end the cooperation. PPI is therefore seeking a new partner. This partner has been found. The actual transition will take place by mid-2021. Due to contractual agreements, it is not possible to provide information on the sales price.

22. Risk management

PGGM risk framework

For the implementation of risk management, PGGM N.V. uses the PGGM Risk Framework to structurally provide an insight into, monitor and report on risks. PGGM’s Risk Framework is based on the COSO Enterprise Risk Management methodology accepted internationally as standard. Application of the PGGM Risk Framework ensures that the risks are managed in a uniform manner, as efficiently and effectively as possible. Risk management at PGGM N.V. is organised in accordance with the generally accepted ‘three lines of defence’ model. Responsibility and primary risk management lie with line management (first line). The Finance & Control and Risk & Compliance departments supervise and report on the risks (second line) and Internal Audit (third line) tests whether the management verifiably complies with the different requirements set.

Within risk management, a distinction is made between the risks run by our institutional clients directly in terms of their own investments and the risks faced by the organisation. PGGM recognises the following risks: solvency, market, currency, interest rate, credit, liquidity and concentration risks.

Solvency risk

PGGM N.V. and its subsidiaries that qualify as financial companies as defined in the Wft are designated as the guideline group. This means that they are subject to prudential supervision by DNB. Under this Act, requirements are stipulated for capital adequacy.

PGGM has opted to use the method whereby the capital adequacy is calculated on the basis of the difference between the equity of the guideline group and the sum of the solvency requirements of the group divisions. On this basis, PGGM N.V. complies with the statutory requirements.

The regulatory authorities also have imposed a solvency requirement on Vermogensbeheer and PSAS. The existing and required solvency positions at group level are as follows.

Solvency	31 December 2020	31 December 2019
Total equity	230,820	210,874
Statutory requirement	64,151	52,093
Surplus	166,669	158,781

Market risk

Market risk is the price risk of a fall in the value of investments due to a change in market factors. In 2019, PGGM decided to invest some of the cash in money market funds. € 59.8 million (2019: € 30.1 million) was invested in money market funds in 2020. These investments are explained in the Financial statements under securities. Money market funds are highly liquid.

Currency risk

The currency risk is the risk that the value of an investment and/or value of a participating interest abroad will decline as a result of changes in exchange rates. Since PGGM N.V. does not hold any investments and the participating interest outside the Netherlands is of a very limited size, the currency risk is negligible.

Interest rate risk

Interest rate risk is the risk that the balance of the value of bonds and/or loans changes as a result of changes in market rates.

At the end of 2016, PGGM N.V. made additional capital available in the form of a subordinated loan with an indefinite term to finance the start-up costs of Volo Pension. The amount of the subordinated loan is € 2.3 million (2019: € 2.3 million). Volo Pension pays interest equal to the EURIBOR rate with a 50 basis point mark-up. The interest is owed quarterly in arrears on the last day of each quarter and is calculated on the basis of a 30-day month and a 360-day year.

Credit risk

The credit risk is defined as the risk that counterparties will be unable to fulfil their contractual obligations. This concerns other participating interests, loans, receivables, including accounts receivable and cash. In respect of the bad debts risk, this primarily relates to the management fees due, which are laid down in the Service Level Agreements that PGGM N.V. has concluded with its clients. Since PGGM N.V.'s clients are Dutch pension funds, the risk as a consequence of insolvency is low.

PGGM N.V. has a policy concerning the retention of cash. PGGM N.V. continuously assesses this policy and has classified this credit risk as minor.

Liquidity risk

Liquidity risk (including the cash flow risk) is the risk that the volume and the timing of cash flows within approximately one year are not adequately matched, whereby a shortfall of liquid assets cannot be (easily) compensated. PGGM N.V. has a credit facility of € 150 million with PFZW, which is more than sufficient to manage this risk.

Concentration risk

PGGM N.V. runs a concentration risk when it is dependent on providing services to a single client. PGGM N.V. is exposed to concentration risk due to the relative importance of its largest client. This risk is mitigated by fleshing out this strategic partnership in constant dialogue with the largest client and by pursuing active stakeholder management.

Company financial statements for 2020

Company balance sheet as at 31 December 2020

(before profit appropriation)

(amounts in thousands of euros)

	Ref.	31 December 2020	31 December 2019
Assets			
Fixed assets			
Intangible fixed assets	23	938	763
Property, plant and equipment	24	73,409	88,289
Financial fixed assets	25	140,253	118,780
Total fixed assets		214,600	207,832
Current assets			
Receivables	26	21,980	23,869
Securities	27	59,837	30,095
Cash and cash equivalents	28	46,973	8,615
Total current assets		128,790	62,579
Total assets		343,390	270,411
Liabilities			
Equity	29		
Paid and called-up capital		200	200
Revaluation reserve		1,309	11,284
Statutory reserve		5	5
Share premium reserve		158,712	158,712
Other reserves		41,584	33,080
Undistributed profit		29,010	7,593
Total equity		230,820	210,874
Provisions			
Other provisions	30	21,105	18,011
Total provisions		21,105	18,011
Current liabilities			
Current liabilities	31	91,465	41,526
Total current liabilities		91,465	41,526
Total liabilities		343,390	270,411

Company income statement for 2020

(amounts in thousands of euros)

	<i>Ref.</i>	2020	2019
Result of participating interests	25	27,542	16,692
Other results after taxes	33	1,468	-9,099
Result after tax		29,010	7,593

Notes to the company financial statements 2020

General Notes

The company financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code and distinct pronouncements from the financial reporting guidelines published by the Dutch Accounting Standards Board. The principles of valuations and to determine the result for the Company financial statements and the Consolidated financial statements are equal. Participating interests in group companies are valued based on the net asset value in accordance with the relevant paragraph of the Consolidated financial statements. For the principles of the valuation of assets and liabilities and to determine the result, please refer to the explanation included on pages 73 to 86 on the consolidated balance sheet and the income statement.

23. Intangible fixed assets

	<i>Goodwill</i>	<i>Software</i>	<i>Prepaid on intangible fixed assets</i>	<i>Total</i>
Balance as at 1 January 2020				
Acquisition price or production cost	139,871	4,933	0	144,804
Accumulated amortisation and impairments	-139,871	-4,170	0	-144,041
Book value as at 1 January 2020	0	763	0	763
Changes				
Investments	0	434	15	449
Disposals	0	0	0	0
Impairments	0	0	0	0
Amortisation	0	-274	0	-274
Balance	0	160	15	175
Balance as at 31 December 2020				
Acquisition price or production cost	139,871	5,367	15	145,253
Accumulated amortisation and impairments	-139,871	-4,444	0	-144,315
Carrying amount 31 December 2020	0	923	15	938

Amortisation period

5 years

Software

The investments mainly concern licences of the back office system for the pension and investment administration.

24. Property, plant and equipment

	Buildings and land	Plant and equipment	Other operating assets	Total
Balance as at 1 January 2020				
Acquisition price or production cost	104,746	3,663	23,363	131,772
Accumulated depreciation and impairments	-21,911	-3,009	-18,563	-43,483
Book value as at 1 January 2020	82,835	654	4,800	88,289
Changes				
Investments	1,749	0	2,907	4,656
Disposals	0	0	-119	-119
Impairments	-18,078	0	0	-18,078
Depreciation of disposals	0	0	59	59
Adjustment of cumulative impairments and depreciation revaluation	4,778	0	0	4,778
Depreciation	-4,568	-232	-1,377	-6,177
Balance	-16,119	-232	1,471	-14,881
Balance as at 31 December 2020				
Acquisition price or production cost	88,417	3,663	26,152	118,232
Accumulated depreciation and impairments	-21,701	-3,241	-19,881	-44,823
Carrying amount as at 31 December 2020	66,716	422	6,271	73,409

Depreciation terms

Land and sites:	no depreciation applicable
Buildings - shells:	40 years
Buildings - completed:	25 years
Buildings - building-related systems:	15 years
Plant and equipment:	5-10 years
Other operating assets:	5-10 years

PGGM N.V. is the economic owner of the land and buildings. PGGM Coöperatie is the legal owner of both the buildings and the land.

25. Financial fixed assets

	Participating interests	Deferred tax assets/liabilities	Loan VOLO Pension	Total
Stand per 1 januari 2020	100,443	15,997	2,340	118,780
Changes				
Dividend payment	-10,000	0	0	-10,000
Share premium payments	2,000	0	0	2,000
Result of participating interests	27,542	0	0	27,542
Value changes	0	1,931	0	1,931
Balance as at 31 December 2020	119,985	17,928	2,340	140,253

Participating interests

The balance relates to the following participating interests:

Companies		
Name	Place of business	Share in subscribed capital
PGGM N.V.	Zeist, The Netherlands	100%
PGGM AUSTRALIA NOMINEES PTY LIMITED	Sydney, Australia	100%
PGGM Financiële Services B.V.	Zeist, The Netherlands	100%
PGGM Innovatie B.V.	Zeist, The Netherlands	100%
PGGM Pensioenbeheer B.V.	Zeist, The Netherlands	100%
PGGM Strategic Advisory Services B.V.	Zeist, The Netherlands	100%
PGGM Services B.V.	Zeist, The Netherlands	100%
PGGM UFO B.V.	Zeist, The Netherlands	100%
PGGM Vermogensbeheer B.V.	Zeist, The Netherlands	100%
Vernet Verzuimnetwerk B.V.	Amsterdam, The Netherlands	100%

For the Equity Policy and analysis of the capital position of subsidiary entities, PGGM N.V. made a share premium payment of € 1 million in 2020 to both Financial Services and PSAS.

Deferred tax assets

The deferred tax assets mainly relate to temporary differences in the tax valuation and commercial valuation that apply to the building as well as to the processing of goodwill.

Loan Volo

At the end of 2016, PGGM N.V. made additional capital available in the form of a subordinated loan with an indefinite term to finance the start-up costs of Stichting Algemeen Pensioenfonds Volo pensioen (Volo). The amount of the subordinated loan is € 2.34 million (2019: € 2.34 million). Volo pays interest equal to the EURIBOR rate with a 50 basis point mark-up. The interest is owed quarterly in arrears on the last day of each quarter and is calculated on the basis of a 30-day month and a 360-day year.

Because of the termination of the contract with Volo and the fact that the business case can no longer be realised, PGGM N.V. classifies the Volo contract as an onerous contract. PGGM N.V. creates a provision for this in accordance with the reporting guidelines for the unavoidable costs. The settlement agreement provides for additional financing so that the loan can be repaid in the event of the liquidation of Volo. PGGM N.V. does not therefore recognize any impairment. At the end of the financial year, this claim is expected to be shorter than one year.

26. Receivables

	31 December 2020	31 December 2019
Receivables from group companies	15,906	19,007
Accounts receivable	56	530
Amounts to be invoiced	1,527	255
Other receivables, prepayments and accrued income	4,491	4,077
Total	21,980	23,869

The remaining term of the receivables is less than one year.

Receivables from group companies

	31 December 2020	31 December 2019
PGGM Coöperatie U.A.	2,770	63
PGGM UFO B.V.	6,519	6,212
PGGM Pensioenbeheer B.V.	1,924	0
PGGM Strategic Advisory Services B.V.	903	1,181
PGGM Treasury B.V.	0	15
PGGM Innovatie B.V.	124	203
PGGM Vermogensbeheer B.V.	3,220	11,062
PGGM Financiële Services B.V.	329	271
Vernet Verzuimnetwerk B.V.	117	0
Total	15,906	19,007

All receivables on group companies have a remaining term of less than one year.

No interest is charged on the receivables from group companies.

27. Securities

In 2019, PGGM decided to invest some of the cash in money market funds. Investing in money market funds achieves a distribution of the banking counterparty risk. In accordance with the cash and cash equivalents' policy € 59.8 million (2019: € 30.1 million) was invested in money market funds in 2020.

28. Cash and cash equivalents

Cash relates to credit balances which are held in Dutch credit institutions. The company's own cash and cash equivalents form part of the balance and interest set-off system within PGGM. As a result of participation in the interest set-off system, the company is jointly and severally liable for all obligations arising from this. Of the cash and cash equivalents by end 2020 the entire amount was freely available, by end 2019 € 8.2 million was not freely available.

29. Equity

	Paid-up and called-up capital	Revaluations reserve	Statutory reserve	Share premium reserves	Other reserves	Undistributed result	Total
Balance as at 1 January 2019	200	6,636	5	158,712	43,681	-11,194	198,040
Appropriation of profit for 2018	0	0	0	0	-11,194	11,194	0
Revaluation reserve property, plant and equipment	0	4,648	0	0	0	0	4,648
Change resulting from reduction in corporation tax rates	0	0	0	0	593	0	593
Result 2019	0	0	-	0	0	7,593	7,593
Balance as at 31 December 2019	200	11,284	5	158,712	33,080	7,593	210,874
Appropriation of profit for 2019	0	0	0	0	7,593	-7,593	0
Revaluation reserve property, plant and equipment	0	-9,975	0	0	0	0	-9,975
Change resulting from reduction in corporation tax rates	0	0	0	0	911	0	911
Result 2020	0	0	0	0	0	29,010	29,010
Balance as at 31 December 2020	200	1,309	5	158,712	41,584	29,010	230,820

Paid and called-up capital

The paid and called-up capital encompasses the paid-up nominal amounts on issued shares. The authorised capital is € 1 million (2019: € 1 million), consisting of 1,000 shares, each with a nominal value of € 1 thousand. As of 31 December 2020, 200 shares were subscribed and paid up.

Revaluation reserve

The changes in the revaluation reserve for the buildings and land were a result of the new impairment test performed by the external appraiser at end 2020.

Statutory reserve

The assets, liabilities, and income and expenses of consolidated participating interests with a functional currency other than the presentation currency are converted at the exchange rate prevailing on the balance sheet date. The resulting translation gains and losses are directly recognised under equity in the statutory foreign currency translation reserve.

Share premium reserve

The amounts contributed by shareholders in excess of the nominal share capital are recognised as share premium.

Other reserves

The other reserves consist of the profit determined and the changes resulting from a corporation tax change relating to the valuation of the building.

Undistributed profit

The result after tax for 2020 is part of the undistributed profit of the equity item.

Proposal for profit appropriation

It is proposed to the General Meeting of Shareholders that the result after tax for 2020 be credited to the other reserves.

30. Provisions

	<i>Restructuring Anniversaries</i>		<i>Life insurance</i>	<i>Onerous contracts</i>	<i>DVI</i>	<i>Total</i>
Balance as at 1 January 2020	1,057	801	1,100	6,400	8,653	18,011
Changes						
Additions	6,238	0	0	1,111	5,716	13,065
Usage	-833	-454	0	-5,995	-1,141	-8,423
Release	-31	0	-1,100	-411	-6	-1,548
Balance as at 31 December 2020	6,431	347	0	1,105	13,222	21,105

An amount of € 14.8 million from the provisions is recognised as long term (longer than a year).

Restructuring provision

In 2020 a restructuring plan was established that is part of the Pensioenbeheer long-term plan for the period up to 2026. On the basis of this plan a provision for severance pay for collective and individual processes was included in the restructuring provision. The total allocation involved in this restructuring plan is € 5.3 million and comprises € 4.6 million in costs related to employees being made redundant and € 0.7 million in costs that are expected to be needed to execute the reorganisation. The most important estimates in calculating the reorganisation provision relate to the number of jobs that will disappear (20-25%), the average payout according to the social plan and the average in additional costs that will be included per employee, such as legal assistance and training costs. The provision for the restructuring will be accounted for at PGGM N.V. The costs will be accounted for via the current account in Pensioenbeheer.

The other changes within the restructuring provision allow for individual processes.

Provision for anniversaries

The anniversary provision is calculated according to the calculation method in the 2018 CLA and ends in 2021.

Provision for Life Insurance

On the sale of the life insurance portfolio, a number of guarantees were provided to the buyer. One of the guarantees agreed with the buyer is also taken into account in this provision, the so-called guarantee relating to the 'longevity risk' agreed with the buyer. PGGM signed a settlement agreement with PGGM on 13 July 2020 in which all guarantees come to expire by end 2020 and this has led to a release of the provision. It was also agreed in the settlement agreement that PGGM would still receive € 0.3 million, which in the first instance generated a positive result of € 1.4 million.

This is offset by a negative result from the guarantee 'mismatch' of € 1.1mln. In the sold life insurance portfolio, there is an investment portfolio in which the policy holders are entitled to a guaranteed PFZW return. This guarantee remains in effect for the policyholders after the sale. In the sales agreement, PGGM N.V. gave the buyer a guarantee in relation to the PFZW return. The 'mismatch' settlement is therefore the settlement of the difference between the PFZW return and the return on the benchmark (replication of actual return on the replicated asset mix (RAM)). PGGM determines the RAM so that it matches PFZW's investment mix as closely as possible.

On balance there is a positive result of € 0.3 million.

Provision for onerous contracts

In accordance with the reporting guidelines, PGGM N.V. has included a provision by end 2020 for the unavoidable costs of onerous contracts for Volo pension and Stichting Rabo PGGM Premiepensioen-instelling. The unavoidable costs are based on the current viability of these services, taking into account any circumstances that may apply to the remaining period of the onerous contract. By end 2020, the remaining term of all onerous contracts is less than one year.

Provisions for DVI

PGGM N.V. has included a provision for Deferred Variable Income (DVI). DVI is intended for rewarding key employees. This form of remuneration is in addition to the variable remuneration scheme. The most important estimates at the DVI and DVI-GAF relate to the average payment percentage of the targets as well as the estimate of the compound interest (only for DVI-GAF), taking into account the chance of employees leaving the company.

31. Current liabilities

	31 December 2020	31 December 2019
Amounts owed to credit institutions	57,360	7,111
Fees from institutional clients received in advance	111	109
Creditors	2,257	2,176
Taxes and social security contributions	13,417	12,157
Amounts owed to group companies	284	2,819
Amounts owed to policy-holders from direct insurance	0	56
Accruals and deferred income	18,036	17,098
Total	91.465	41.526

The current liabilities all have a remaining term of less than one year.

Taxes and social security contributions

This relates to payroll taxes and social security contributions still to be paid.

Taxes and social security contributions

	31 December 2020	31 December 2019
PGGM Pensioenbeheer B.V.	0	2,561
PGGM Services B.V.	284	258
Total	284	2,819

All liabilities on group companies have a remaining term of less than one year. No interest is charged on the receivables from group companies. This relates to payroll taxes and social security contributions still to be paid.

Accruals and deferred income

The item accruals and deferred income primarily consists of amounts payable, reserves for holiday days, bonuses for personnel and interest payments. An amount of € 2.8 million (2019: € 4.5 million) relates to the Deferred Performance Interest (DPI) scheme. Of this, an amount of € 1.7 million (2019: € 2.8 million) has a term of more than one year.

32. Transactions with related parties

Transactions with related parties are said to exist when there is a relationship between the company, its participating interests and their board members and management.

There were no transactions with related parties which were not conducted at arm's length.

33. Other results after taxes

	31 December 2020	31 December 2019
Amortisation of intangible fixed assets and depreciation of property, plant and equipment	0	-14,895
Other income and expenses	-79,013	-67,186
Charged-on expenses	79,834	69,086
Taxes on result	647	3,896
Total	1,468	-9,099

34. Post-balance sheet events

For the disclosure on post-balance sheet date events, see note 20 'Post-balance sheet date events' in the consolidated financial statements.

Zeist, 21 April 2021

Executive Board:

Edwin Velzel, chair

Willem Jan Brinkman

Supervisory Board:

Marjanne Sint, Chair

Miriam van Dongen, Deputy Chair

Micky Adriaansens

Henk Broeders

Eric de Macker

Jan van Rutte

Other information



Independent auditor's report

To: the general meeting and the supervisory board of PGGM N.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of PGGM N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of PGGM N.V., Zeist. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2020;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of PGGM N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Foreword;
- the Directors' Report;
- the Report of the Supervisory Board
- the Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 21 April 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.M. de Jonge RA

Appendix to our auditor's report on the financial statements 2020 of PGGM N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Provisions of the Articles of Association governing the appropriation of the results

Article 35 of the Articles of Association reads as follows:

- 35.1 Distribution of profits pursuant to the provisions in this article takes place after the adoption of the financial statements which show that such distribution is warranted.
- 35.2 The profits shall be at the free disposal of the General Meeting of Shareholders.
- 35.3 On the recommendation of the Executive Board, the General Meeting shall be authorised to resolve to make a distribution from the reserves, without prejudice to Article 35.4.
- 35.4 The company may only make distributions to the shareholders and other persons entitled to the profit intended for distribution to the extent that the equity exceeds the subscribed capital plus the reserves which must be maintained pursuant to the law.
- 35.5 The company may make interim distributions provided that the requirement of Article 35.4 is complied with as evidenced by an interim statement of assets and liabilities as referred to in Section 2:105(4) of the Dutch Civil Code.
- 35.6 When calculating the share distribution, the shares which the company holds in its own share capital are not included.
- 35.7 A deficit may only be charged to the statutory reserves to the extent that this is permitted by law.

General

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3700 AC Zeist
Telephone +31 30 2779911 www.pggm.nl
Commercial Register number 30228472

Executive Board

Edwin Velzel (Chair)
Chief executive officer (CEO) Willem Jan Brinkman
Chief financial & risk officer (CFRO)

Auditors

PricewaterhouseCoopers Accountants N.V. PO Box 90357
1006 BJ Amsterdam

Thomas R. Malthusstraat 5, 1066 JR Amsterdam
Telephone +31 88 792 00 20

Information

If you have any questions regarding the content of the Annual Report, please contact us via:
www.pggm.nl/jaarverslag

Supervisory Board retirement schedule

Name	Start of first term	End of first term	Start of second term	End of second term
Mrs. drs. M. (Marjanne) Sint (<i>chair</i>)	01.04.2018	31.03.2022	Still n/a	Still n/a
Mrs. drs. M.R. (Miriam) van Dongen (<i>deputy chair</i>)	13.06.2013	12.06.2017	13.06.2017	13.06.2021
Mr. mr. H.M.L.M. (Eric) de Macker	01.10.2015	30.09.2019	01.10.2019	01.10.2023
Mr. drs. J.C.M. (Jan) van Rutte	17.05.2017	16.05.2021	Still n/a	Still n/a
Mrs. mr. drs. M.A.M. (Micky) Adriaansens	01.01.2018	31.12.2021	Still n/a	Still n/a
Mr. ir. H.M.T. (Henk) Broeders	01.11.2018	31.10.2022	Still n/a	Still n/a

Regulation of the Articles of Association:

Article 23(1) of the Articles of Association of PGGM N.V.: a supervisory director shall step down no later than the date of the first General Meeting held after the end of four years following his or her latest appointment. At the end of his or her term of office, a supervisory director may be reappointed, on the understanding that he or she shall step down no later than the date of the first General Meeting held after he or she has served for eight years as a supervisory director, consecutively or otherwise; thereafter, he or she may not be reappointed.

Ancillary positions held by members of the Supervisory Board

Marjanne Sint (1949)

Nationality: Dutch

Main position: *Marjanne Sint Consultancy B.V.*
(*Management and operations consultancy*)

Executive and supervisory positions

- Chair of the Supervisory Board and member of the remuneration, selection and appointments committee of PGGM N.V.
- Chair of the Supervisory Board of BNG Bank N.V.
- Member of Supervisory Board of Bergman Clinics B.V.
- Member of the corona crisis guidance committee Onderzoeksraad voor veiligheid
- Chair of VNG Financial Controllability Social Domain
- Chair of AMF steering committee of the ministries of Home Affairs, Kingdom Relations and Defence
- Chair (temporary) of the Financial Control Measures Youth Care Act Steering Group (as of January 2020)

Miriam van Dongen (1969)

Nationality: Dutch

Main position: *Supervisory Director/Supervisor*

Executive and supervisory positions

- Member of the Supervisory Board (deputy chair) and chair of the audit, risk and compliance committee of PGGM N.V.
- Member of the Supervisory Board and chair of the audit committee of Kadaster (Land Registry Office)
- Member of the Supervisory Board, chair of the audit committee, member of the risk committee and member of the remuneration and appointments committee of Vivat N.V. (ended as of April 2020)
- Member of the Supervisory Board and chair of the audit committee Optiver Holding B.V.
- Member of the Supervisory Board of Achmea (as of April 2020)
- Member of the audit and risk committee Achmea (as of October 2020)
- Member of the Supervisory Board, audit and risk committee of Achmea Bank N.V. (as of November 2020)
- Deputy Chair of the Supervisory Board, and chair of the audit, risk and compliance committee of Mollie (as of June 2020)
- Member of the Board of Stichting Administratiekantoor Aandelen KAS BANK (ended as of 2020)

Micky Adriaansens (1964)

Nationality: Dutch

Main position: CEO of Twijnstra Gudde

Executive and supervisory positions

- Member of the Supervisory Board of PGGM N.V. and member of the Remuneration, Selection and Appointments Committee
- Member of the Supervisory Board of Insinger Gilissen Bankiers N.V. (ended as of December 2020)
- Member of the Supervisory Council of Stichting Amsta (ended as of April 2020)
- Member of the Upper House of the Dutch Parliament for the VVD

Henk Broeders (1964)

Nationality: Dutch

Main position: Supervisory Director/Supervisor

Executive and supervisory positions

- Member of the Supervisory Board and member of the audit, risk and compliance committee of PGGM N.V.
- Member of the Supervisory Board and chair of the audit committee of Alexander Monro breast cancer hospital
- Chair of Supervisory Board and member of the audit committee of Stater N.V.
- Chair of the Board of Stichting Hanarth Fonds
- Board member of Stichting Steun VUmc Alzheimercentrum Director Broeders Board Services
- External advisor McKinsey & Company
- Board adviser iClusion (as of September 2020)
- Member advisory board Stichting Zorg na Werk in Coronazorg (ZWiC) (as of May 2020)
- Member advisory board Hersenonderzoek.nl (as of January 2020)

Eric de Macker (1960)

Nationality: Dutch

Main position: Partner at VOOR B.V. (labour mediation)

Executive and supervisory positions

- Member of the Supervisory Board and chair of the remuneration, selection and appointments committee of PGGM N.V.
- Member of the Supervisory Board and member of the audit committee finances of Stichting Rivierduinen GGZ
- Member of the Advisory Council of Nederlandse Vereniging van Arbeidsdeskundigen

Jan van Rutte (1950)

Nationality: Dutch

Main position: *Supervisory Director/Supervisor*

Executive and supervisory positions

- Member of the Supervisory Board and Member of the audit, risk and compliance committee of PGGM N.V.
- Chair of the Supervisory Board and member of the Mens & Organisatie [Human Resources & Organisation] committee of Volksbank N.V.
- Member of the Supervisory Board (deputy chair) and member of the audit committee of BNG Bank N.V.
- Member of the Supervisory Board of ORMIT Holding B.V. (ended as of April 2020)
- Member of the Board of Stichting Administratiekantoor KasBank (ended as of November 2020)
- Member of the Board of ABN AMRO Foundation
- Member of the Supervisory Board of Stichting Health Center Hoenderdaal

Ancillary positions held by members of the Executive Board

Edwin Velzel (1963)

Nationality: Dutch

Main position: Chief executive officer, PGGM N.V.

Executive and supervisory positions

- Chair of the Executive Board of PGGM N.V.
- Member of the Supervisory Board of PGGM Vermogensbeheer B.V.
- Member of the Supervisory Board of Klaverblad Verzekeringen
- Member of the Supervisory Board of Omring (Care and Nursing)
- Member of the Supervisory Board of Gelre hospitals (as of September 2019)

Willem Jan Brinkman (1973)

Nationality: Dutch

Main position: Chief financial & risk officer PGGM N.V. (as of 29 November 2019)

Executive and supervisory positions

- Member of the Executive Board of PGGM N.V.
- Member of the Supervisory Board of PGGM Vermogensbeheer B.V.
- Member of FNV investment advisory committee