



Annual Report of PGGM N.V.

2022



The original annual report was drafted in Dutch. This document is an English translation of the original. In case of any discrepancies between the English version and the Dutch text, the latter will prevail. The official Dutch version is available on our website: www.pggm.nl.

The auditor's report of the external auditor does not relate to this translation, but only supervises the official Dutch version.



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The year 2022 was an extraordinary year. The aftermath of the COVID-19 pandemic and the outbreak of war in Ukraine led to rising inflation and interest rates. With remarkable consequences: higher coverage ratios on the one hand, which enabled our clients to index, but on the other hand, considerably lower returns due to losses on interest rate hedging and investments. The COVID-19 pandemic further put increasing pressure on the health and social care sector, in which our largest client PFZW operates. The adoption of the Future Pensions Act (Wtp) by the Dutch House of Representatives was a welcome conclusion to the year. This gives us a clear assignment for the coming years when dealing with issues on which many of our colleagues have contributed ideas.

Joint strategy with PFZW

In 2022, we explored a joint strategy together with PFZW. This strategy responds to the social changes that PGGM and PFZW as pension organisations are faced with until 2030. In the coming years, the focus will be on a smooth transition to the new pension system, in which maintaining and strengthening the confidence of the participant is key.

Transition to a new pension contract

Pending the simultaneous discussion of the Wtp in the House of Representatives, we advised our clients on the financial structure and the pension scheme. At PGGM Pensioenbeheer B.V. and PGGM Vermogensbeheer B.V., we made the necessary preparations for the implementation.

Increased scale for higher quality and lower costs

The extension of services to StiPP and BPF Schilders and our collaboration with MN, plus its affiliated funds PMT and Koopvaardij, provide perspective on a sufficient scale in an increasingly consolidating pension landscape. This increase in scale increases efficiency and investment power and ensures a higher quality of service to participants and employers.

Building on tomorrow's world

Our asset management strategy focuses on sustainable value creation for participants in the health and social care sector. Together with PFZW, we want to be a leader in impact investing and build on tomorrow's world. In order to realise this ambition, we focus our asset management services exclusively on realising the ambitions of PFZW.

A year of hard work

It was a year of hard work. Without the good service provided by all our colleagues, we cannot retain our current clients or enter into new partnerships. Moreover, there is only room for a new strategy if the day-to-day organisation runs smoothly. We would like to thank all colleagues for their unwavering commitment and the high quality they deliver every day.

The Executive Committee



Edwin Velzel



Willem Jan Brinkman



Geraldine Leegwater



Jeroen de Munnik



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Who are we and who do we want to create value for?

Who we are and what we stand for

We are PGGM: a household name in health and social care. We are committed to providing affordable, good quality and sustainable pension provision for our clients and their participants. We also contribute to a liveable world, a healthy working environment and vital ageing. To strengthen the health and social care sector, we develop solutions that make an impact on labour market issues in the sector.

Preparing for 2030

Changes in legislation and regulations, the new pension scheme, technological possibilities and changing customer demand from participants, employers and social partners will cause a lot of movement in the pension world in the coming years. In addition, the ageing population, the enormous challenge in the field of sustainability, the tight labour market and the growing care gap are major social issues.

That's why we have developed a joint strategy with PFZW. The permanent aim therein: a good pension for participants in a vital health and social care sector and a liveable world, now and in the future. To achieve this, we have formulated objectives in 2022 in the domains of pension administration, investment and the health and social care sector. They are clear objectives that can determine the course of both organisations until 2030. In all of this, the focus in the coming years will be on a smooth transition to the new pension system.

Confidence of the participant

Our clients' participants are at the centre of everything we do. They must be able to count on us for a good pension, as an investor of their savings in investments that make the world a better place and as a committed party that contributes to a vital health and social care sector. Our ambition in this is to maintain and increase the confidence in a good pension and the financial awareness of the participant.

What we do

Pension administration

We advise our clients about their pension schemes and provide clear communication with their employers and participants. In addition, we take care of the pension administration for our clients, aiming for a high-quality service at the lowest possible cost through smart use of data, digitisation and controlled increases in scale.

Read more about our pension administration at www.pggm.nl/onze-diensten/pensioenbeheer

Read more about our policy advice and board support at www.pggm.nl/onze-diensten/beleidsadviesing

Investing

With our policy advice and investments, we want to ensure a good pension in a liveable world. Therefore, we invest on behalf of our clients for the long term, taking into account the effects on people and the environment with a special focus on healthcare, climate and poverty reduction. Besides, as an institutional investor, we have an influence on businesses worldwide. We use that influence, if possible, to move sectors in a sustainable direction.

Read more about our investments at www.pggm.nl/onze-diensten/vermogensbeheer

Contributing to a vital health and social care sector

We contribute to a vital health and social care sector, in which people can work healthily, be financially fit and enjoy working until they retire. With our knowledge, data, experience and capital, we develop solutions that have a demonstrable impact on the labour market issues in the sector. This way we contribute to increasing the vitality of employees, employers and the health and social care sector as a whole.

Read more about our contributions to a vital sector at www.pggm.nl/onze-diensten/zorg-en-welzijn

Whom we deliver value for

Our clients

We administer pension schemes for StiPP, BPF Schilders and our largest client PFZW and provide clear communication with their employers and participants. By collaborating with MN, we want to achieve cost reduction through increased scale. This collaboration is intended to increase the efficiency of pension administration, combined with a higher quality of service to participants and employers. Our collaboration with MN is discussed in more detail on page 28.

In 2022, we managed the pension assets of PFZW and invested the collective pension assets for the participants of BPF Schilders, Smurfit Kappa and part of the pension assets of SPH, Pensioenfondsen Architectenbureaus and BPF Beveiliging. We invested these assets in, for example, stocks, bonds, private equity, infrastructure and property.

Focus on PFZW for investing

Bearing in mind the flexibility of the investment policy, PFZW made the move to own portfolios in 2021, thereby parting with the common account funds. As a result, we are no longer able to offer these funds to other clients on attractive terms. In 2021, we therefore decided to terminate this service and transfer it in close consultation with the clients.

The first transitions within public markets took place in the fourth quarter of 2022. We expect to complete these transitions in the second quarter of 2023. During 2022, we also held discussions with the various parties involved about the transitions within the private markets.

Extension of collaboration with StiPP and BPF Schilders for pension administration

In 2022, we successfully completed two contract renewals, resulting in an extended collaboration.

BPF Schilders extends collaboration

Since 2015, we have been the pension administrators of BPF Schilders. In 2022, we and the board of BPF Schilders chose to continue that collaboration. This means that we will continue to manage the pensions for BPF Schilders until at least the end of 2029.

Joint challenge

The chair of the board of BPF Schilders, Dick Vis, labels the collaboration as positive: 'Over the past year, BPF Schilders investigated which pension administrator best serves the interests of our participants. The board has great confidence in PGGM as the pension administrator and we have been using their services for years, to our complete satisfaction. We are extremely satisfied with the people who work for us. PGGM is also well prepared for the Future Pensions Act (Wtp) and we have made proper agreements about the Wtp transition. We are therefore confident that together we will be able to successfully complete the transition to the new system in the interests of our participants.' Alexandra Phillippi, chief operations officer at PGGM, is also pleased with the extended collaboration: 'We are excited that we will once again provide the pension administration for BPF Schilders in the coming period. Together we will take on the challenge of the new pension contract.'

New contracts signed with StiPP




The new contracts with StiPP will be signed in 2022. This means that StiPP will in any case remain with us for this service until at least 1 January 2027. We were pleased to hear from StiPP that they are very satisfied with our administration service.

Teamwork makes the dream work


Many people worked hard on the preparations for this contract renewal, both from the business and managerial positions. 'Teamwork makes the dream work' certainly holds true in this case, which was apparent from the words of praise by Erwin Bosman, chair of StiPP: 'We believe that PGGM is one of the best pension administrators right now. PGGM probably ranks top in the premier league.' An enormous compliment that we are definitely pleased with. Alexandra Phillippi, chief operations officer at PGGM, is also pleased with the contract renewal: 'Now that the contracts have been signed, we can continue to work together and tackle the important challenges ahead with confidence and energy.'

The key figures from our services per customer line

Pension administration

	Number of participants
	More than 3,048,300
	More than 109,600
	More than 1,136,700

Health and social care sector

	Number
	1.36 million employees
	765,000 members

Investing

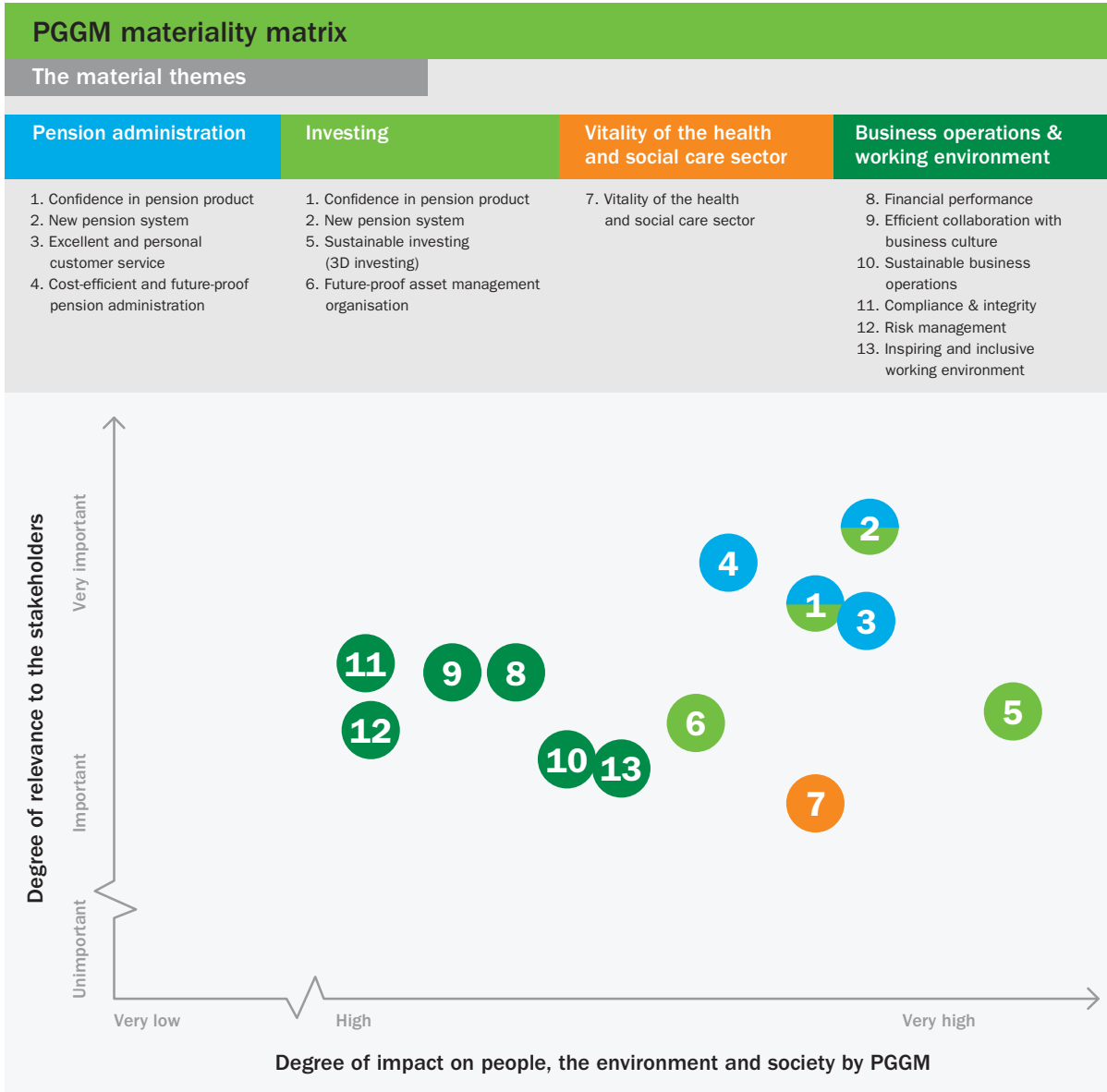
	Invested capital
	€217.6 billion
	€7.6 billion
	€0.1 billion
	€0.4 billion
	€1.7 billion
	€0.5 billion

Total

	 <p>More than 4,294,600 participants</p>
	 <p>€227.8 billion invested capital</p>
	 <p>765,000 members</p>

What our stakeholders consider important

In 2022, we drew up a materiality matrix to ensure that our strategy is well aligned with the requirements and wishes of our main stakeholders (clients, participants of our clients, social partners, employees, suppliers and insurers). We have asked our external stakeholders to rate material themes according to the importance they attach to them. And we asked our internal stakeholders to rate how much impact PGGM can make on people, the environment and society with the various themes. The results are incorporated in the matrix below.



If a topic is positioned on the far right of the matrix, this means we can achieve a lot of impact with it. The vertical axis refers to the relevance of a theme for our stakeholders. Also, the higher in the matrix, the more important. The materiality matrix shows that external stakeholders deem the new pension scheme, confidence in the pension product and an excellent and personal customer service very important and that we can make the most impact on this.

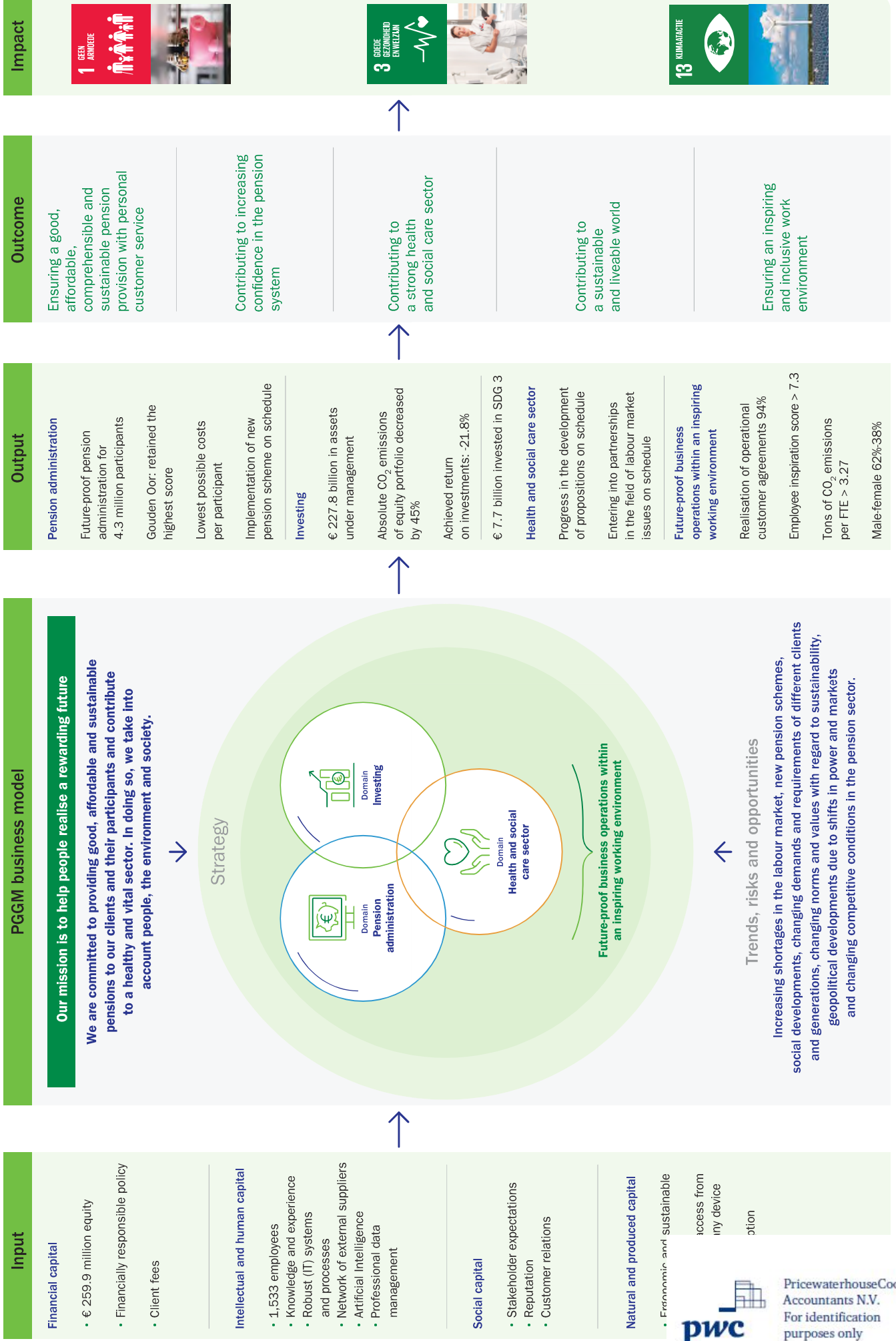
Materiality Matrix 2022

No.	Material themes	Definition
1	Confidence in pension product	PGGM is working on increasing confidence in the pension product by aligning with the participants' perspective, through targeted communication, by running an appropriate pension scheme and through expert participation in the social pension dialogue.
2	New pension system	PGGM is working on the timely, efficient and correct implementation of the new pension scheme in the investment and pension chain.
3	Excellent and personal customer service	In a market with growing competition, PGGM offers excellent customer service to increase the satisfaction of and relevance for employers, social partners and participants. We contribute to increasing participants' financial awareness, thereby enabling them to make appropriate choices in the context of their pensions. We do this by offering data-driven, targeted and customised pension communication. This requires a greater focus on digitisation of communication processes.
4	Cost-efficient and future-proof pension administration	PGGM realises a reliable, cost-efficient and future-proof pension administration chain for pension funds through standardisation and optimal digitalisation. In doing so, we conduct an adequate sourcing and alliance strategy.
5	Sustainable investing (3D investing)	In a turbulent financial and geopolitical environment, PGGM offers the participants of its asset management clients a good and affordable pension by realising a stable and long-term investment result. When investing, PGGM takes into account risk, return and impact on the environment and society. We do this by (1) integrating ESG factors into the investment process, (2) engagement and exclusions, (3) reducing the CO ₂ emissions of the investment portfolio, (4) increasing the invested capital in Sustainable Development Goals and (5) implementing sustainability standards for the investments.
6	Future-proof asset management organisation	In a changing environment, PGGM focuses on the rapid digital transformation of the asset management organisation and remains best-in-class in the field of policy advice and asset management.
7	Vitality of the health and social care sector	PGGM contributes towards a sound and vital health and social care sector. We do this by (1) ensuring increased scale and a level playing field between employers as regards terms and conditions of employment; (2) promoting and realising strategic relationships for a strong bond with the sector; (3) developing new services.
8	Financial performance	PGGM ensures sound financial management.
9	Efficient collaboration with business culture	PGGM works together in a business culture in which integral responsibility and ownership of run and change (including associated revenues and costs) is implemented at the lowest possible level in the organisation.
10	Sustainable business operations	PGGM focuses on sustainable business operations by increasing its positive impact on PGGM Focus SDGs 1, 3 and 13; reducing the environmental impact of our business operations (for example mobility, heat and energy consumption and waste) and using at least minimum sustainability standards as a responsible basis.
	Compliance & integrity	PGGM ensures demonstrable compliance with laws and regulations and ethically responsible behaviour. When implementing current laws and regulations, a flexible, efficient and future-proof architecture is pursued for internal business processes.
	Risk management	PGGM identifies and mitigates risks with a particular focus on reputational risk, cyber risk and business continuity.
	Inspiring and inclusive working environment	In a very tight labour market, PGGM retains existing employees and attracts new talent by creating an inspiring and inclusive work environment focused on the well-being of colleagues, with high-quality, diverse, learning teams (including management), who know their responsibilities.

The value we create

Our value creation model provides insight into the economic, social and environmental sources we draw from, how we add value to these and what this brings to our clients, our clients' participants, our employees and society.

Value creation model of PGGM N.V. 2022



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Input

For our business model to work with maximum effect, we need our employees and their specialist knowledge. Other elements are also important, such as a solid financial basis, professional data management and ergonomic and sustainable office facilities.

Trends, risks and opportunities

We take into account the role our environment plays in the value creation process by identifying relevant trends, risks and opportunities. A current example of this is the effect of the new pension scheme and the changing competitive conditions in the pension sector. This can strongly affect the strategy, business model and results of companies in our sector. Other developments, such as the changing norms and values with regard to sustainability, can pose risks or offer opportunities as well.

Business model

Our business model is key in the value creation model. This ties in with our vision and shows what we do and what we stand for. In our efforts, we focus on the domains of pension administration, investment and the health and social care sector. Within these domains, we want to provide meaningful services, now and in the future.

Outcome

With our output, we create social value, i.e. our outcome. We achieve this for our clients and their participants by securing their pensions. For the health and social care sector by investing in it and coming up with new innovative solutions to reduce the healthcare gap. And we create social value for our employees by offering them a pleasant, safe and inclusive place to work. And last, but not least, for our environment by striving for a liveable world.

Impact

As one of the largest pension administrators in the Netherlands, we have an impact on our environment and society. Our sustainability agenda focuses on a long-term contribution to society based on the social value we deliver. We have linked this agenda to the Sustainable Development Goals (SDGs). They are seventeen ambitious goals of the United Nations to promote sustainable development worldwide and which are also used for investments.

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). In addition to these so-called 'key SDGs', we provide for a responsible basis for sustainability. In doing so, we want to reduce the negative impact and, where possible, increase the positive impact within our business operations.

Increased transparency

The European Union adopted the Corporate Sustainability Reporting Directive (CSRD) in 2021. This directive is designed to provide increased transparency in corporate social responsibility. All large companies, such as PGGM, must report on the basis of the European Sustainability Reporting Standards (ESRS) with effect from the 2025 financial year. Another requirement of the CSRD is mandatory assurance on sustainability reporting.

To comply with the CSRD, organisations must report on the impact of their business activities on people and the environment. The CSRD reporting standards are still under development.

Currently, the most common reporting standards for sustainability reporting are those of the internationally recognised Global Reporting Initiative (GRI). The GRI standards consist of universal, sector and theme-specific guidelines with principles for determining the content of the reporting and guaranteeing the quality of the information in the report. These GRI guidelines contain performance indicators based on sustainability elements of People, Planet and Profit. These are the human, environmental and financial sides of corporate social responsibility, respectively.

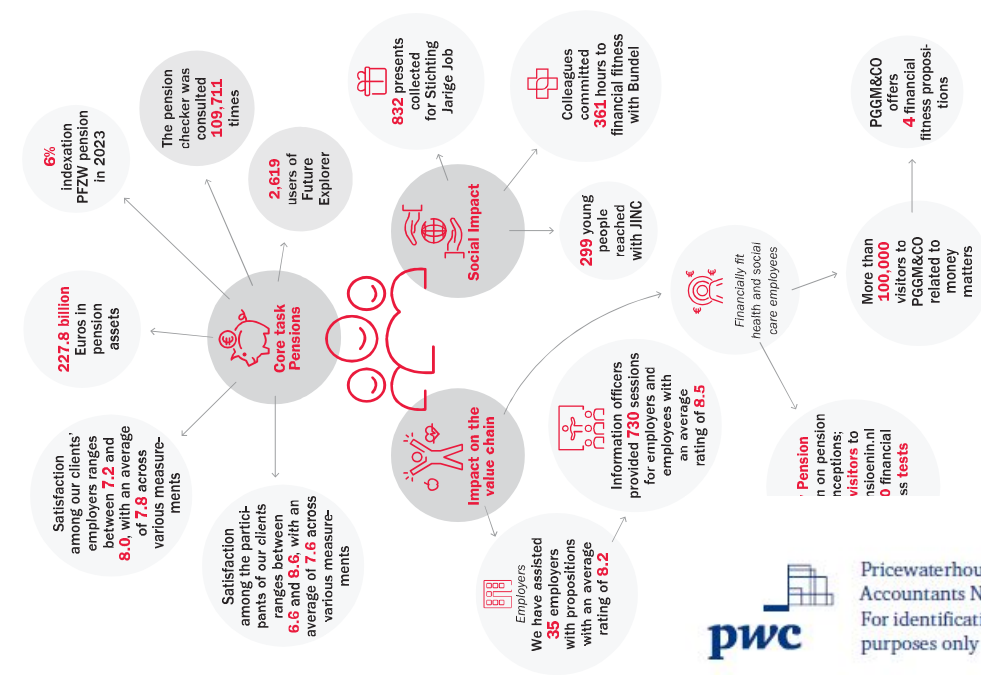
In this annual report, we account for the GRI indicators that apply to PGGM (see Overview of GRI indicators on page 158). Where possible, we indicate the standards and ambitions. In the coming years, we aim to do this for all sustainability indicators.

PGGM Focus SDGs

We provide good, affordable and sustainable pensions for our clients and their participants. We also contribute towards a liveable world, occupational health and retaining vitality in old age.

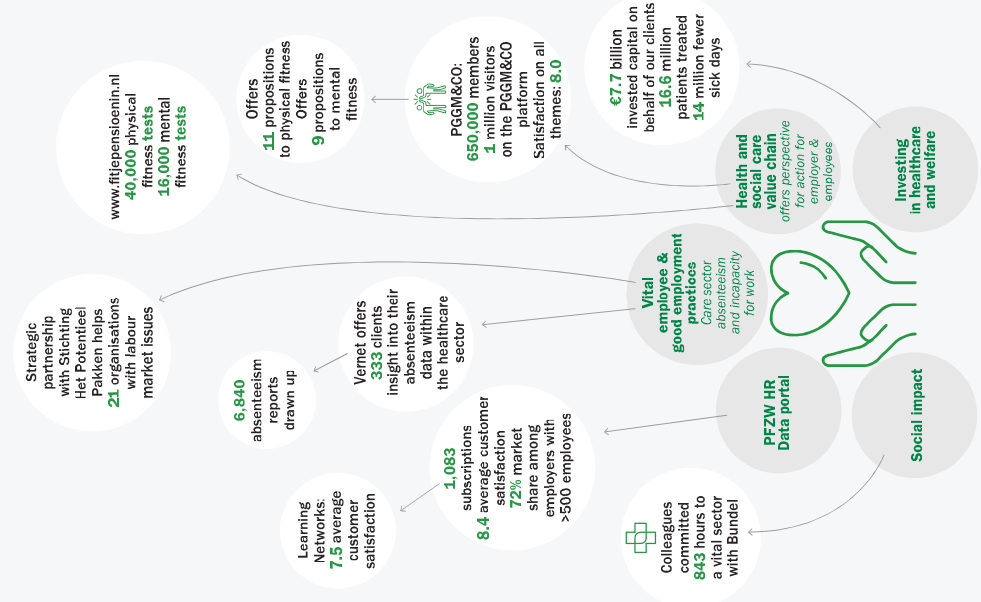
We provide for a future-proof pension.

SDG 1 (no poverty) is strongly associated with our mission to contribute towards ensuring good pensions in a habitable world. A positive impact on this SDG can be seen from our role and involvement in the design of the new pension agreement and the transition to a new pension contract, from our guiding role to participants and from community engagement in the areas of financial fitness and combating other forms of poverty.



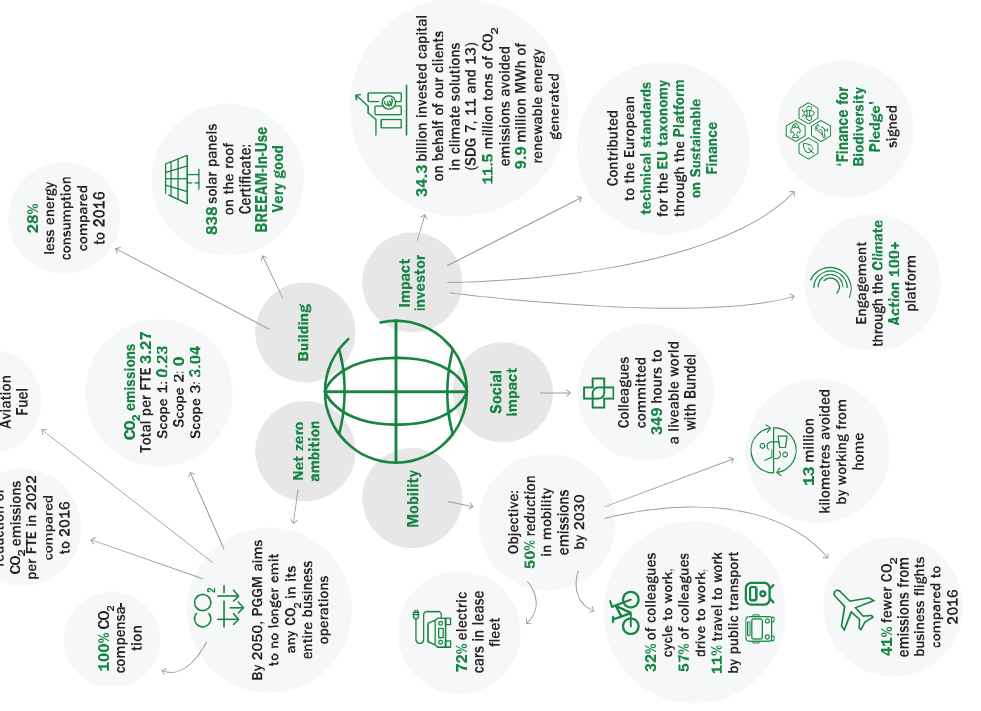
We are a household name in health and social care.

SDG 3 (good health and well-being) is part of our DNA as a fixed value in the health and social care sector. PFZW and PGM are of, for and by the health and social care sector. We are mindful of the vitality of our own employees and are committed to a future-proof sector. In addition to continuing to develop the pension scheme, we engage with employee services, and contribute to labour market and investment issues in the industry.



We contribute to a liveable world.

SDG 13 (climate action) underlines our responsibility for a habitable world. We set ambitious goals on the impact of our business operations and are actively committed to investing our clients' assets sustainably. We are pursuing a clear climate strategy to perpetuate and accelerate commitments on climate.



The developments we expect

Ongoing uncertainty

The period ahead will continue to bring uncertainty. Due to the ongoing war in Ukraine and a possible conflict between NATO and Russia, there is a risk that financial markets will be negatively affected. In addition, Western digital and energy infrastructure is a potential target of hybrid warfare, potentially causing significant economic damage. Although this describes a kind of worst-case scenario that we do not immediately assume, we will monitor developments closely. After all, this can have a direct or indirect impact on pension funds and therefore also on our clients.

Well prepared for the new pension contract

We are taking further steps to realise the transition to the new pension contract. As PGGM, we must continue to comply with all legal and regulatory requirements. Changes in the pension landscape also mean that we make a conscious choice to focus on the participant. For this, we need the right employees who can enter into dialogue with the participants, i.e. employees with ambition, who are agile and who have skills in the field of digitalisation and technology. We help our employees to develop or further expand these skills. We will also make the necessary long-term investments in our system landscape based on the results of the Wtp and the defined contribution scheme (solidarity or flexible) chosen by our clients. When implementing the new pension contracts, we will simplify matters where possible in order to reduce the burden on the pension administration and to increase the possibilities for automation.

Joint strategy with PFZW

In recent months, we have determined our joint strategic objectives with PFZW towards 2030. The first intended changes have already been initiated. In addition, we will further specify the objectives towards 2030 in the coming months, so that we can implement our plans in the coming years. Part of this is, for example, the further concretisation of our strategy with regard to health and social care. Based on our social commitment, maintaining support and our 'licence to operate', we want to contribute to a vital sector with vital participants and employers, together with PFZW. Services and investments are used in this to make a visible impact on these ambitions.

Single-client asset management

In 2023, a number of participants from the PGGM common account funds (FGR) will leave, making PGGM Vermogensbeheer a company with one client, PFZW. The other pension funds are still participating in the infrastructure and private property funds. Further steps will be taken in 2023 to further realise the transition to a company with one client. The investment approach used to achieve this 2030 ambition is 3D investing. This means that the entire investment portfolio and all asset classes within it are managed against appropriate conditions in the field of return, risk and impact. This entails major challenges and investments, both in terms of content and organisation. In addition, further steps will be taken in 2023 to integrate ESG risks, climate risks and impact risks throughout the investment chain.

Recruiting the right people

We are also faced with the shortage on the labour market. Due to the demand for experienced Finance, Risk and IT professionals and the scarcity of such staff on the labour market, we are currently focusing on optimising and professionalising our recruitment department. We invest in improving the recruitment processes and systems and set up target group-specific recruitment campaigns. We also include diversity and inclusion even more in the hiring process and we encourage our own employees to nominate people from their network for vacancies.

Investing in cost-saving projects

In 2023, we will continue to work on initiatives that make our business operations more efficient, both in the short and long terms. We will continue to improve our portfolio and pension administration, in which we work with IT roadmaps that we set out with due care. We also conduct benchmarks to compare our costs with those of our peers. This helps us define new cost-saving projects for the coming years. In 2022, we worked hard on preparing the PGGM pension administration system for connection to the MN systems. In 2023, we will take the final steps to make it possible to transfer MN clients to this system in 2024.

Financial outlook

With all the developments mentioned above and the necessary investments, we expect costs to grow faster than our turnover in 2023. This leads to a lower expected net result. This is a conscious decision that we make and entirely in line with our long-term forecast. Our equity remains in line with our intended funding capital and gives us room for any financial setbacks.

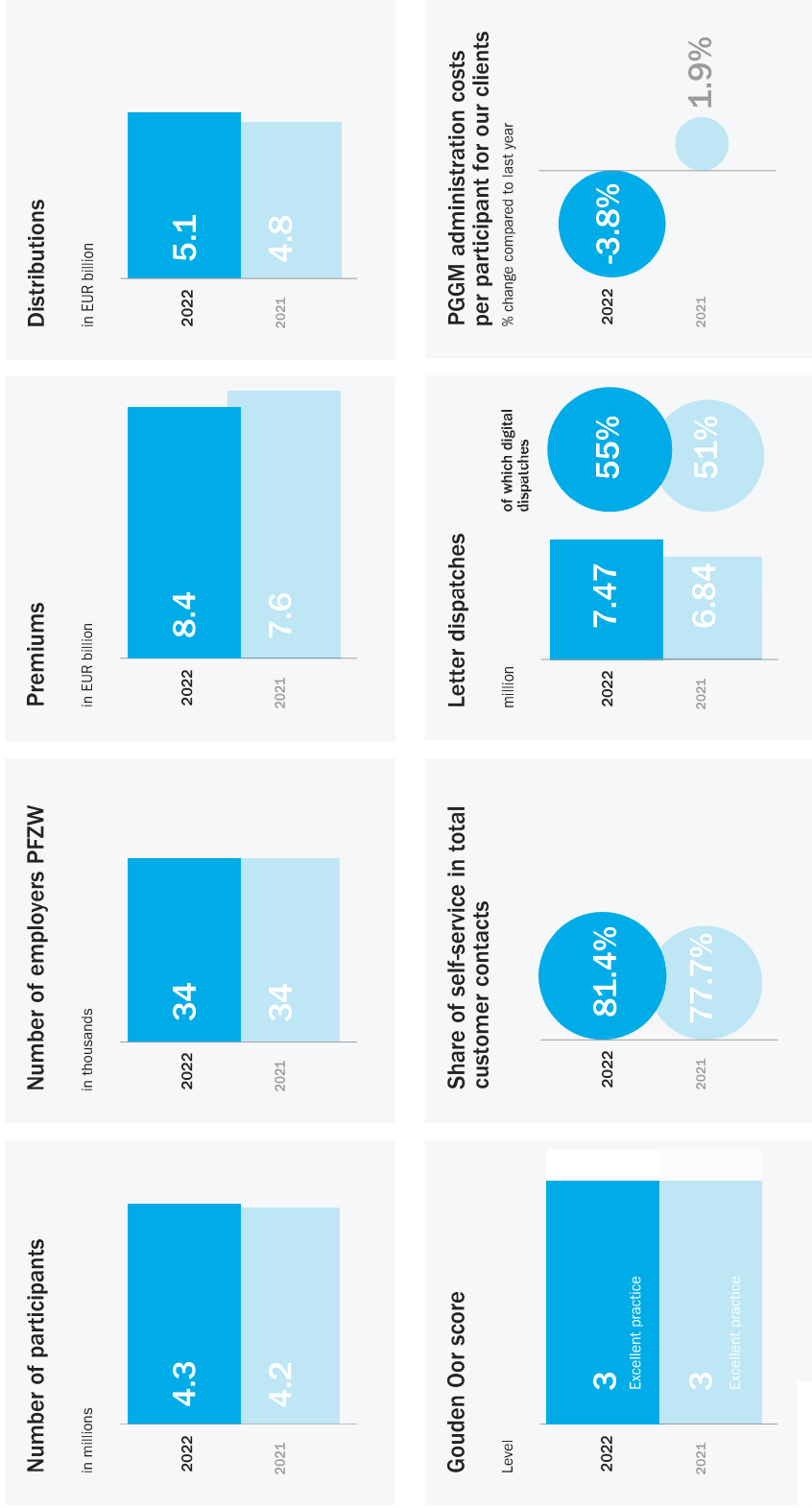


Achievements in 2022

Pension administration



We have a social responsibility to provide high-quality pension administration at a responsible cost level. It is important that this implementation coincides with major transitions such as the new pension scheme. In addition, we believe that excellent customer service is decisive for continuing to add value in the long term for participants and employers of our clients. Digitalisation will eventually enable us to provide personalised services on a large scale.



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New pension system

Transition to a new pension scheme

The upcoming introduction of a new pension system is a perfect opportunity for us to think strategically about the system change and how we can positively influence the confidence of our clients' participants in pensions. We worked hard on this in 2022.

Clarity for all participants

'In the past period, we have worked hard to make the transition to the new system possible. With our knowledge and expertise, we can and must make an impact and ensure a good pension is preserved. It's a transition that we have been working on for several years. We now need to bring this to a close together and do so successfully.'

Clarity about the new system

In order to be able to make the transition to the new system, we must first be clear about what the new system entails. We worked hard on that last year. I'm proud that we have been able to develop the policy options for the scheme and the policy instruments for the financial structure in a clear-cut way, despite so much uncertainty.

Positive end result

In 2023, we will also give the transition the attention, focus and support that it deserves within PGGM, in line with a transformation of this magnitude. Our policy advisors and product development managers are using their expertise and experience in this transition to ensure a good pension for all participants.'



Patty Hofmans

director of Advice, regulation and financing

We include the needs of the participants in the development of our clients' scheme, so that we can ensure that it is a logical and attractive whole for the participant in the future. We do this by working on the basis of a joint promise to our clients' participants and by determining early in the process how we can properly introduce their new pension product to the market later on during the transition.

Communicating from a pension product perspective

'To ensure that the new pension scheme meets the participants' expectations, we went in search of answers to the following questions: "How do we get participants more involved in their pension" and "Can we show that the changes make the pension better?" Using techniques from behavioural sciences, it was examined how the new pension scheme is logical and attractive to participants and how it creates added value in their lives.

Another way of contact is needed

The main lesson is that we tend to treat participants as rational users of information. We assume that participants find pension important; after all, it's their money. But by investigating what really goes on in people's heads, it became clear that people have little idea about how pension works, that preparing for their pension causes stress and uncertainty and that they hope that their pension fund has arranged everything well for them.

Communicating with emotion and behaviour in mind

We came to the conclusion that we have to make contact in a completely different way, that we have to take more into account how people really think. This fact is important in designing the products and services and when in contact with the participant. We discovered that several interventions can play a role:

1. Connect with deeper needs and emotions.

People aren't intrinsically interested in pension, but they do have a deeper need to be reassured that their future is well cared for.

2. Remove uncertainty by reminding people of the essence.

Reassure people by explaining how the pension fund ensures that everyone who accrues a pension with PFZW, or with one of our other clients, receives a pension income, even if the participant reaches the age of 120. And keep repeating that.

3. Design micro interventions.

Invite simple interaction behaviour with pensions, so that people gain (self-)confidence step by step. These micro-interventions are small and manageable, can be performed without much effort and appear at relevant moments.

In 2023, we will translate the conclusions into products and services that are aimed at the needs of the participant.'



Ilona Odijk
Marketing Communications consultant



Marion Beekmans
product manager expert

Further development of our pension administration for the pension transition

We have made the strategic choice to continue to invest in our own pension administration. We are therefore working on our pension administration system MAP with more than 200 DevOps engineers in the Netherlands. With the pension transition ahead, MAP is a strategic and valuable asset that enables us to provide an excellent service to our funds and participants, without being dependent on software suppliers for this. Large parts of MAP have already been modernised in recent year: this modernisation in the coming years.

We will complete the transition to the Azure cloud before the introduction of the new pension scheme. This way we can further improve the scalability and productivity of MAP and its development. We have now developed the core functionality for administering the new pension scheme, based on the provisional choices made by the clients. We expect to complete the functional design of our pension administration system by the end of 2024.

Confidence in pension product

Increasing confidence in the pension system and the new pension scheme

We want to increase confidence in the pension system and the new pension scheme among our clients' participants and employers by linking up with the participants' perspective, running a suitable pension scheme and through expert participation in the social pension dialogue. In addition, we communicate positively and honestly about the pension, the system and the major changes we are facing, while responding to current questions and concerns of participants to the best of our ability.

Grand Prix Content Marketing

'In 2022, commissioned by one of our clients, we created an inspiring platform for decision-makers in health and social care. The YouTube video series ZorgisZó and Eerste Week, Laatste Week were awarded the Grand Prix Content Marketing in the business-to-consumer category. This is a prize for organisations that know how to reach their target group uniquely and effectively.'

Involvement in health and social care

The video series show the commitment to the health and social care sector, the important work and the people in the sector. At the same time, it's a way to get in touch with younger participants. To them, pension is a worry for later, but they are interested in what the work looks like for colleagues and how they deal with challenges, for example. Contact is important because pension is arranged through the employer from an early stage. Young participants often aren't aware of this.

Ability to reach the target group

The Grand Prix Content Marketing jury was impressed by the way the content was presented. According to them, the campaign responded to the question that worries every pension organisation; how do I reach a group that doesn't know me and isn't interested in me?'



Martina de Lange
Marketing Communications manager

Participation in the social pension dialogue

On 22 December 2022, the Dutch House of Representatives approved the Wtp bill containing the frameworks of the new pension system. Provided the Senate adopts the Wtp in 2023, social partners and pension funds will have until 1 January 2027 to adjust their pension schemes. At PGGM, we closely monitored developments regarding the debate of the Wtp in 2022. In terms of representing our interests, we have worked closely with our clients, other large pension funds and the Federation of the Dutch Pension Funds. In doing so, we drew attention to aspects such as the participant's perspective, the pension file of self-employed people and our own administrative practice.

European Tracking Service on Pensions founded

Finally, at the end of 2022, the organisation was set up to further shape the European pension register (European Tracking System on Pensions (ETS)). At PGGM, we were committed to this for a prolonged period of time, shaping the project together with the European Commission in the role of consortium partner. The ETS provides clarity about the financial future of a (mobile) employee by providing an overview of the accrued pension rights. Online, the (mobile) employee can use the pension compass and tracker to find his pension provider and pension provisions that have been accrued in Europe. During the course of 2023, the intention is to connect national registers to the ETS via Application Programming Interfaces (APIs). This allows the ETS to inform (mobile) employees about their pension rights within Europe, in a manner tailored to their needs. In addition, it induces participants to complete their pension overview with the help of an action list.

Excellent and personal customer service

Development and expansion of services to employees

In recent years, we have developed and deployed various resources to make it easier for participants to get in touch with us. We also took into account the self-reliance of participants. Not only does this generate valuable contact with the participant, as we provide the best possible information at the right time, but also ensures that the participant recognises this as relevant. The automation and digitalisation of the service and a more data-driven approach ensure that individual participants are provided with a better service.

Increase usability

An important means of communication with participants is the website, and in particular the participant's own environment, in the form of 'My Environment'. We have further developed this environment in 2022 to better serve the individual participant and to make the customer journey experience as personal as possible. On the improved overview page, which went live in 2022, pension information relevant to the participant is presented via tiles, clearly, structured and in layers.

Despite an increased focus on digitalisation, participants themselves can choose how they want to get in touch with us. Participants are increasingly opting for online contact. Various developments have also taken place within other (offline) types of contact. Examples include the use of artificial intelligence within telephony and the use of video calling.

The optimal customer journey: positively surprising and exceeding expectations

'Excellent customer service and further personalisation of our services is a strategic spearhead for us and an important wish of our clients' participants and employers. High-quality data and the ability to extract value from data are essential to achieving this spearhead. The growth towards a data-driven organisation requires more than the efforts of a select group of data specialists alone. The ability to extract value from data requires a substantial increase in data literacy within the organisation itself.

Future Ready

The 'Future Ready | Autumn of Data' culture programme marked the start of increasing the data knowledge of all 700 colleagues in Pensioenbeheer, so that we can apply our data competency faster and more widely in our organisation.

Responding to customer behaviour

We have also developed a Pension Management Data Strategy for 2022-2024, containing concrete data projects. In the past year, we set up an infrastructure to give the customer journey teams more tools to be able to respond to the behaviour of the participant or employer. This started with creating a dashboard from which customer journey teams can independently derive improvement opportunities in the fields of customer satisfaction and operational excellence.

By putting our data teams at the service of the data needs of the customer journey teams, we jointly contribute to more a data-driven approach. In addition, our data specialists are constantly discussing improvements with the customer journey teams.

Personalising our customer service

Whereas currently we are gaining insights into which documents generate increased contact with the participant and which processes are assessed better than others, next year we will start segmenting participants and employers. Forming service segments is an important step towards personalising our customer service. By recording the characteristics that are typical of a situation in which a participant or employer finds itself in the data, communication can be adapted to this situation for a segment. Towards segment-of-one customer service; allowing participants and employers to receive the most relevant information at the right time and to easily look up this information.'



Ester Merckel

director of Business change & data analytics

Easier insight through automation

Robotisation and automation are central to the constant development of services and customer journeys. Not only does this save time and costs, but also gives participants more and easier insight into all data. This data is ultimately used to optimise our customer journeys and create valuable contact with the participant. An important development therein, for example, is the digital processing of requests and choices made by participants, which shortens the administrative process. We have also linked customer contacts such as proactive service messages to a customer journey, which contributes to the analysis and improvement opportunities within customer journeys. The realisation of the connection to Mijinwaardetransfer.nl reduces the costs of value transfers and also creates a clear customer journey for the participant. Finally, through data exchange with the Dutch Social Insurance Bank, we expect to be able to retrieve data from people who have been untraceable to date, so that they can receive the pension for which they worked so hard.

Improving customer service to employers

We have also further improved our customer service towards our clients' employers on various fronts. Previously, employers could sometimes find it difficult to explain the differences between our invoice and their submission of pension data and salary administration because they paid an advance invoice.

By abolishing the advance invoice and invoicing on the basis of the actual submission and by shifting the submission of pension data to the end of the month, the invoice matches better, while the timing of the pension submission is also a more natural moment for the employer. The timeliness for submitting uniform pension data has increased from 75% (old submission dates) to almost 99% (new submission dates), we can see better payment behaviour and fewer errors in the submission by the employer.

Improved communication

Our communication better meets the needs of employers, so that they can find answers to questions faster and easier. From now on, we record all contact details in one central location for example. By adding contact roles, we can conduct increasingly targeted communication with the right contact person at our employers and administration offices. In addition, we have simplified the navigation on the overview page and now visualise the steps an employer must take to become a client with us. Information about the monthly costs and the premium percentages has also been made clearer. Thanks to a campaign, 733 employers opted for paying by direct debit.

Simple online service

Online services have also been improved. The payment method is now shown on the websites of BPF Schilders and PFZW and any online changes are immediately processed digitally and automatically completed via the websites, which prevents duplicate applications. Since mid-2022, employers, entrepreneurs and administration offices of PFZW and BPF Schilders have been able to apply for a payment arrangement online, whereas previously this was done by e-mail. This option is only visible on the invoice page if there are outstanding invoices. By doing so, we unburden the employer at the right place and at the right time. Foreign employers who want to join StiPP can now submit the application form online. This simplifies the application process that used to be done by post and saves postal items.

Safe and controlled

In July 2022, the security of logging into MijnOrganisatie.nl was improved by adding a verification code when an employer or administration office logs in with their username and password. The share in eHerkenning rose sharply from about 20% (January 2022) to about 50% (November 2022).

Again highest level in Gouden Oor

Since 2013, we have been participating in the Gouden Oor audit for PFZW. This is a three-year certification that indicates the degree to which we as an organisation are able to listen to our client, to what extent we place our client at the heart of our services and how we use feedback to improve our services. An annual measurement takes place to determine whether we are still on track or whether we need to adjust.

Since 2018 we have been at level 3, the highest level. In 2022 we maintained level 3. This shows that our ability to listen is demonstrable in all layers of the organisation and that the client (and his needs) are central to everything we do and improve.

Among other things, growth lies in showing the outside world when things did not go well and how they were resolved. Attention to basic handling also remains important, as is attention to vulnerable groups. This great appreciation once again confirms that we have all achieved a high level of listening to the client. This is a tremendous achievement for which all colleagues have earned a great compliment.

Cost-efficient and future-proof pension administration

Investing and saving

We want to put our clients' participants at the centre of everything we do and communicate at the moment the participant needs it in the context of the client's broader financial and personal questions. In doing so, we want to deliver high quality at a responsible cost level. To make all this possible and to give substance to the transition to the new pension scheme, it is necessary to invest, as well as save. In 2022, despite our investments, we succeeded in reducing the PGGM administration costs per participant by 3.8%.

Investing in digital transformation

Our personal services are mainly provided digitally, where we try to meet the expectations of the participants with the possibilities that the technology offers us. To be able to do this cost-efficiently, we provide digital handling and automatic processing of personalised customer interactions. Digital transformation and the required skills are crucial to achieve this and to innovate continuously. Moreover, by using data, we can quickly gain insights, which in turn enable us to provide an optimum response to the needs of our clients' participants in a rapidly changing world. We keep track of the required long-term investments for this in our IT roadmap.

Contemporary pension services

'Various studies show that our participants have a need for an integrated insight into accrued pensions. This concerns both private pensions with the various funds and household pensions. Not only do participants expect this information in the channels of one pension fund, but also in other places where they need this information, such as their employers or financial institutions and platforms.'

The right participant via the right channel, at the right time

To respond to this need, we are developing a platform of microservices. This way we can realise the right functionalities on our own platform through our own channels and support our own customer journeys with the right services. And we can use the same microservices platform to serve the participants through third-party channels. This way, we can use the right technology to meet the participants' needs and reach the right participants, via the right channel, at the right time.'



Mladen Sancanin

director of Innovation Management, data services & research

Saving through controlled increase in scale

The extension of services to StiPP and BPF Schilders and our collaboration with MN, plus its affiliated funds PMT and Koopvaardij, provide perspective on a sufficient scale in an increasingly consolidating pension landscape. This increase in scale increases efficiency and investment power, reduces the costs per participant in the long term and ensures a higher quality of service to participants and employers.

Our agreements with MN

Controlled increase in scale as a means of quality and cost

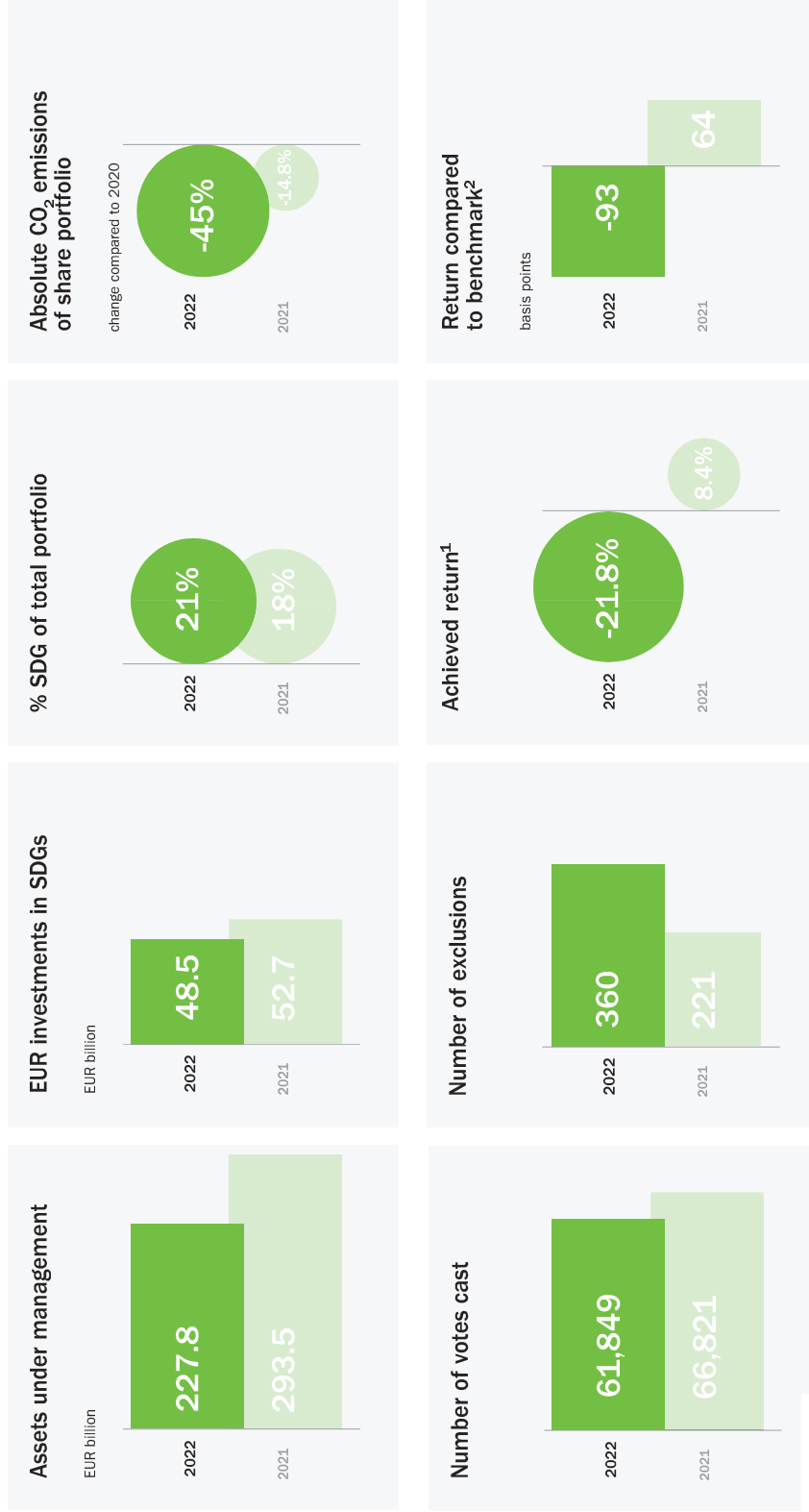
At the end of 2021, it was decided to set up the technical and functional design of the PGGM pension administration system for MN. In 2022, we worked hard on preparing the system for connection to the MN systems. In 2023, we will take the final steps to make it possible to transfer MN clients to the PGGM pension administration system in 2024. Alexandra Phillippi, chief operations officer at PGGM: 'Together with MN, we are working hard on this important step towards further collaboration in the near future. All signals are green, but we remain very alert to any deviations, because we understand the importance of a successful transition for our clients.'

Saving through standardisation and simplification

The transition to the new pension scheme offers opportunities to simplify the pension landscape. The transition to a defined contribution scheme may offer opportunities to reduce costs. Our long-term plan therefore takes into account an expected downward trend in employment in Pensioenbeheer. This is also fuelled by proposals for improvement aimed at further simplifying the work, such as automation, digitalisation and even robotisation. In our long-term plan, we call the initiative for all of this Delta programme. Since Delta entails cost savings in the form of a reorganisation, a reorganisation provision of €5.1 million was formed as early as 2020. This provision still amounted to €1.3 million at the end of 2022.



At PGGM we do everything we can to secure a good, affordable and sustainable pension for our clients' participants. On behalf of our clients, we invest for the long term, seeking to create sustainable value for people and the environment. Sustainable value creation is only possible by assessing the investments against the criteria of return, risk and impact. With the investments we aim to contribute to realising a positive impact and limiting a negative impact, on behalf of our clients.



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¹turn = international tensions and economic instability led to rising interest rates worldwide and a poor stock market year in 2022. explanation on page 31.

²pared to benchmark = over 2022, the return on the portfolio was 93 basis points (0.93%) below the benchmark.

Confidence in pension product

Investments aim to contribute to a good pension

As an institutional investor for pension funds, we contribute to providing a good pension for our clients' participants and a liveable world. In doing so, we aim for a good return at acceptable risks, so that our clients can meet the pension obligations of their participants, both now and in the future.

A poor stock market year

The war in Ukraine is a huge tragedy for the Ukrainian people. There seems to be no end to it for the time being, despite international pressure on Russia with far-reaching sanctions. In the meantime, energy prices have risen and inflation has increased. International tensions and economic instability resulted in a bad year for the stock market in 2022.

Turbulent markets

'In 2022, a 'perfect storm' of inflation factors emerged. Price growth was already high at the beginning of the year as COVID-19 caused problems on the supply side of the economy, whereas the demand side recovered rapidly from the pandemic. This was aggravated by the Ukraine war at the end of February. Not only did this have serious humanitarian consequences, but also caused a sharp rise in energy and food prices. Russia is an important energy supplier for many countries, while Ukraine is a major food exporter worldwide. Inflation increased further due to this cocktail of factors, rising to record highs in many places.

Rising interest

To combat high inflation and to prevent price growth from spilling over into expectations and wages too much, central banks tightened their monetary policies. Policy interest rates were raised rapidly in the United States and the eurozone. This, in combination with high inflation, worsened the economic outlook.

Lower return, but higher coverage ratio

All this translated into a poor year for financial markets. Interest rates rose sharply, causing both bonds and shares to fall in value. As a result, the invested capital of pension funds came under pressure. Not only did the investment portfolio shrink, there were also major losses on the interest coverage ratio. Meanwhile, however, rising interest rates caused a sharp drop in the present value of pension liabilities. Despite the fall in invested capital, the coverage ratios rose on balance because of it.'



Reinder Haitsma
senior economist

State of the assets and achieved return

In 2022, the assets of the pension funds placed with us decreased by €65.7 billion and amounted to €227.8 billion (2021: €293.5 billion). The return on investments in 2022 was -21.8% (2021: 8.4%). Compared to the benchmark, investments underperformed by 93 basis points (€-2.1 billion).

Explanation of achieved return

In 2022, the mandates hedging the liabilities, represented by government bonds and overlay portfolios, suffered the largest losses. Interest rates on government bonds rose faster than swap rates and the spread effect led to underperformance.

Listed shares lost 11.2% and the listed property portfolio lost 20.4%, the biggest loss since the financial crisis. Reasons included sky-high inflation, the war in Ukraine, the exclusion of Russia and the lockdowns in China. Emerging markets also experienced rising interest rates and losses in emerging market debt mandates, although less extreme than in the eurozone.

Within the private markets, infrastructure achieved a return of 5.2% over 2022, which is significantly below the benchmark of 14.7% (based on inflation plus 5%). Insurance-related investments achieved an absolute return of 7.7%, but underperformed by 4.4% compared to the benchmark.

The main reason was Hurricane Ian, which caused a lot of damage in Florida, leading to losses for this portfolio. Private property achieved a positive return of 9.6%. In this segment, the benchmark was beaten by 3.4% thanks to a higher allocation in the United States and to logistics and housing. Our credit risk-sharing portfolio benefited from stable coupon yields and lower-than-expected defaults. The portfolio achieved a return of 12.5%.

Sustainable investment

Investment Policy 2025

With the investment portfolios we manage, we want to contribute to a more sustainable world. The expectations of our stakeholders about the investments are changing and the legislator is setting increasingly far-reaching requirements for sustainability accountability. We must therefore be even more transparent about the impact of investments on people, the environment and society. Investment Policy 2025 is our strategic compass for changes in our investment policy in the coming years and determines how we deal with sustainable investing now and in the future and how we keep our asset management chain future-proof.

Return, risk and impact

In order to achieve a good long-term return in a liveable world, we want to contribute to creating a positive impact of our investments and limit the negative impact. We continuously invest in our own capacity to measure all investments against the 3D benchmark of return, risk and impact. The balance between these three outcomes is important and we implement this throughout our entire investment process.

A long-term investment with positive impact

‘Entrepreneurs face major challenges with regard to their energy supply. In addition to network congestion and fluctuating energy prices, changes in laws and regulations play a role in this as well. The Dutch energy technology company Fudura develops solutions to meet these challenges. The company therefore fits perfectly into our strategy of making long-term investments for our clients that aren’t only financially profitable, but also have a positive impact on our society.

Investing in the energy transition

In 2022, Fudura became part of our investment portfolio, which includes several other investments that play a key role in realising the energy transition and that will help accelerate it. With the expansion of capital, Fudura will develop new sustainable products in the field of mobility (charging infrastructure for electric transport), generation (solar energy) and storage (batteries). This way, companies can continue to grow and become more sustainable at the same time.

A sustainable investment for a good pension

We look forward to further accelerating the Dutch energy transition together with Fudura. With this investment, we show that, as a pension investor, we can apply Dutch capital to make attractive and sustainable investments that ultimately benefit a good pension for millions of people in the Netherlands.’



Sjoerd van Krimpen
investment director Infrastructure

PGGM enters into the co-financing of sustainable projects with EBRD, on behalf of PFZW

In 2022, we entered into a partnership with the European Bank for Reconstruction and Development (EBRD), on behalf of our client PFZW. For the next three years, PFZW and EBRD will jointly finance loans for sustainable projects in the bank’s working area. This always involves large projects, often climate-related. We will assess these on risk, return and the social impact that will be achieved with this.

A 'green star' for the property investments selected by us

'Our Private Real Estate property portfolio shows that financial return and sustainability can go hand in hand. This portfolio has now beaten the global financial benchmark for years, and the same can be seen in the field of ESG (Environment, Society and Governance): this year, as in previous years, our private property investments, consisting of both funds and joint ventures (50/50), score very high in the Global Real Estate Sustainability Benchmark (GRESB).

Sustainability in order

In the most recent GRESB measurement, 97% of the property investments selected by us, representing more than EUR 22 billion in assets under management, are awarded 'Green Star' status. A green star means that the policy and management of a property fund meet the sustainability criteria, with results being measured in terms of energy consumption, CO₂ emissions, water use and waste management. A total of 35% of the participating investments even achieved the highest possible score (5 stars).

Bigger steps in the field of ESG

GRESB also provides insight into how the property world as a whole has taken steps in the field of ESG. A comparison with the global benchmark shows that the structural improvement in our Private Real Estate property portfolio is stronger than the overall market improvement, thereby strengthening its outperformance. This is the result of the active role of our private property team in the field of sustainability and the many discussions on sustainability and ESG that are held annually with our selected property managers.

Joint transition to more sustainability

We also use the discussions with these managers to take the next step towards the goals that we as PGGM have set. One such example is generating more renewable energy in our buildings. By entering into joint ventures with property managers, we create a strong governance position for ourselves, enabling us to manage consumption and generate more renewable energy ourselves on and near the properties we own. The philosophy here isn't just to buy 'green' buildings, but rather to make the joint transition to more sustainability. Since the start of GRESB in 2010, we have been entering into discussions with our property managers worldwide based on this message.'



Stan Bertram
investment manager

Reducing the negative impact

By realising CO₂ reduction in the investment portfolios that we manage, we reduce the negative impact that investment portfolios have on the world. By introducing a responsible basis, we ensure that the entire portfolio meets our minimum sustainability requirements. That is why we set requirements for the companies we invest in. These requirements can both relate to the behaviour of companies and to the products they make.

One way we can contribute to CO₂ reduction is active share ownership. We believe that change is possible in many companies. That is why we actively seek to dialogue with these companies and encourage them to improve. In 2022, absolute CO₂ emissions from our share portfolio fell by 45%. At the same time, CO₂ intensity (expressed in tons of CO₂ per € million turnover) in the share portfolio increased by 7%. This was because the weighting of the energy sector in the portfolio increased, mainly due to price increases.

Ethical dilemmas

The number of dilemmas that we are confronted with is increasing. One such example is that, from November 2021 to April 2022, we were visited by climate activists from Christian Climate Action and Extinction Rebellion several times. They demanded from our client PFZW the sale of investments in oil and gas.

New policy for oil and gas companies

'In terms of climate, 2022 was a turning point for us. In the context of Investment Policy 2025, we have developed the new SMART Engagement policy for oil and gas companies together with PFZW. We believe that we can make the most impact and contribute to the energy transition by combining active ownership with clear goals and attaching consequences if these goals aren't achieved. The policy includes a strict approach towards oil and gas companies, in which we will systematically dispose of low climate performers. Only companies that have a credible strategic plan to operate in line with the Paris Agreement and the 1.5 degree scenario remain in our portfolio.'

Parting with companies

On the basis of this approach, we have now parted with all (114) oil and gas companies without CO₂ reduction targets. In addition, we exclude companies that extract oil and gas in the Arctic and have further tightened the exclusion criteria for companies that are active in the production of coal and tar sands.

Active share ownership

During this period, our responsible investment team engaged in intensive discussions with the industry leaders. To increase effectiveness, we work together with large institutional investors, as well as with like-minded Dutch investors. In addition, together with MN we lead the Dutch Climate Coalition, which recently drew up a statement on the oil and gas sector. The contents of this form the core of our commitment in 2023.'



Andres van der Linden
senior advisor for Responsible investment

Increasing the positive impact

In 2017, we worked with other pension funds and administrators to develop the SDI Taxonomy. This taxonomy states which SDGs are investable and which products and services contribute to each specific SDG. We have made the SDI Taxonomy available to all.

Investments that contribute to one or more SDGs according to the taxonomy are classified as sustainable development investments (SDI) in the taxonomy. Ultimately, we want to be able to understand and explain the impact of investments in the world. First through the SDI volume (in euros), but then also through the actual output, results and impact of companies. At the end of 2022, 21% (€46.5 billion) of the total investment portfolio of PFZW was classified as SDI.

Our goal is to allocate more and more capital to companies that make a positive contribution to the SDGs through their products and services. The increase in the amount of SDIs in euros is a combination of new SDI investments, revaluation of existing SDIs and divestments of existing SDIs based on risk-return characteristics.

The new Heating Supply Act

In addition to the Wtp, the new Heating Supply Act was an important topic in 2022. In October 2022, Dutch Minister Jetten (Climate & Energy) announced a revision of the Heating Supply Act in which the organisation of the heating supply market will be adjusted. This would entail that municipalities can only work with heating supply companies that are majority-owned by the public. This is relevant, because it makes it more difficult for pension investors to contribute to the Dutch energy transition and, more specifically, because of the 80% shareholders' interest of our clients in heating supply company Ennatuurlijk. Together with Ennatuurlijk, we are talking to politicians and policymakers on behalf of our clients to think about an appropriate framework.

Sustainability due diligence

An initiative has come from Brussels to lay down mandatory due diligence requirements for companies in legislation. From as early as 2018, the pension sector has been implementing sustainability due diligence based on OECD guidelines through the International Socially Responsible Investment Covenant (IMVB Covenant). PGGM therefore supports a European legislative framework that also applies to the financial sector, provided it works generically and is brought into line with OECD standards.

Future-proof asset management chain

Focus on PFZW

PFZW is taking the step towards its own portfolios by parting with common account funds. As a result, we are no longer able to offer these funds to other clients on attractive terms. In 2021, we therefore decided to terminate this service and transfer it in close consultation with the clients. In 2022, a cost provision of €3.3 million was formed for the transition and dismantling costs of the common account funds. This provision still amounted to €2.9 million at the end of 2022.

The first transitions within public markets took place in the fourth quarter of 2022. We expect to complete these transitions in the second quarter of 2023. During 2022, we also held discussions with the various parties involved about the transitions within the private markets.

New European transparency requirements for sustainability

On 31 December 2022, new European transparency requirements for sustainability came into effect. The new European transparency rules under the Sustainable Finance Disclosure Regulation (SFDR) require classification of the financial products that we offer to our clients through asset management:

- Article 8 products: products with sustainability characteristics;
- Article 6 products: products to which sustainability characteristics do not apply or to a limited extent;
- Article 9 products: products with an impact objective. We do not offer these at this moment in time.

Article 8 products

The pension schemes of PFZW and BPF Schilders have been designated as Article 8 products. That means these products promote sustainability characteristics. Examples include the exclusions policy, the screening of companies that violate the OECD guidelines for socially responsible business practices, the reduction of CO₂ intensity and investing in companies that contribute to achieving the sustainability goals of the United Nations. The exclusions policy and the OECD screening apply to the entire portfolio in order to ensure that all investments meet the set minimum of sustainability characteristics. In addition, there are characteristics that apply to specific parts of the portfolio. The 2022 CO₂ reduction strategy for example was mainly aimed at the share portfolio.

This will be expanded further in 2023. PGGM Vermogensbeheer has provided the mandatory pre-contractual information for Article 8 products. In addition, the mandatory website information has been updated as well (www.pggm.nl/compliance). In 2023, we will report in compliance with the new mandatory templates for both PGGM Vermogensbeheer and the PFZW pension scheme.

IT roadmap

To keep our asset management chain future-proof, we use an IT roadmap in which we focus on change projects. An example of a change project is the implementation of the new IRPA tooling (Integrated Risk & Performance Analysis). This tool gives us more extensive options for risk analysis of the investment portfolio. This gives us insight into climate risks, ESG risks and the performance attribution of the portfolio, among other things. This enables us to implement a future-proof system that provides us with an integrated picture of the risks and performance of the investments. With our implementation partner Blackrock, we aim to complete the implementation in 2023.

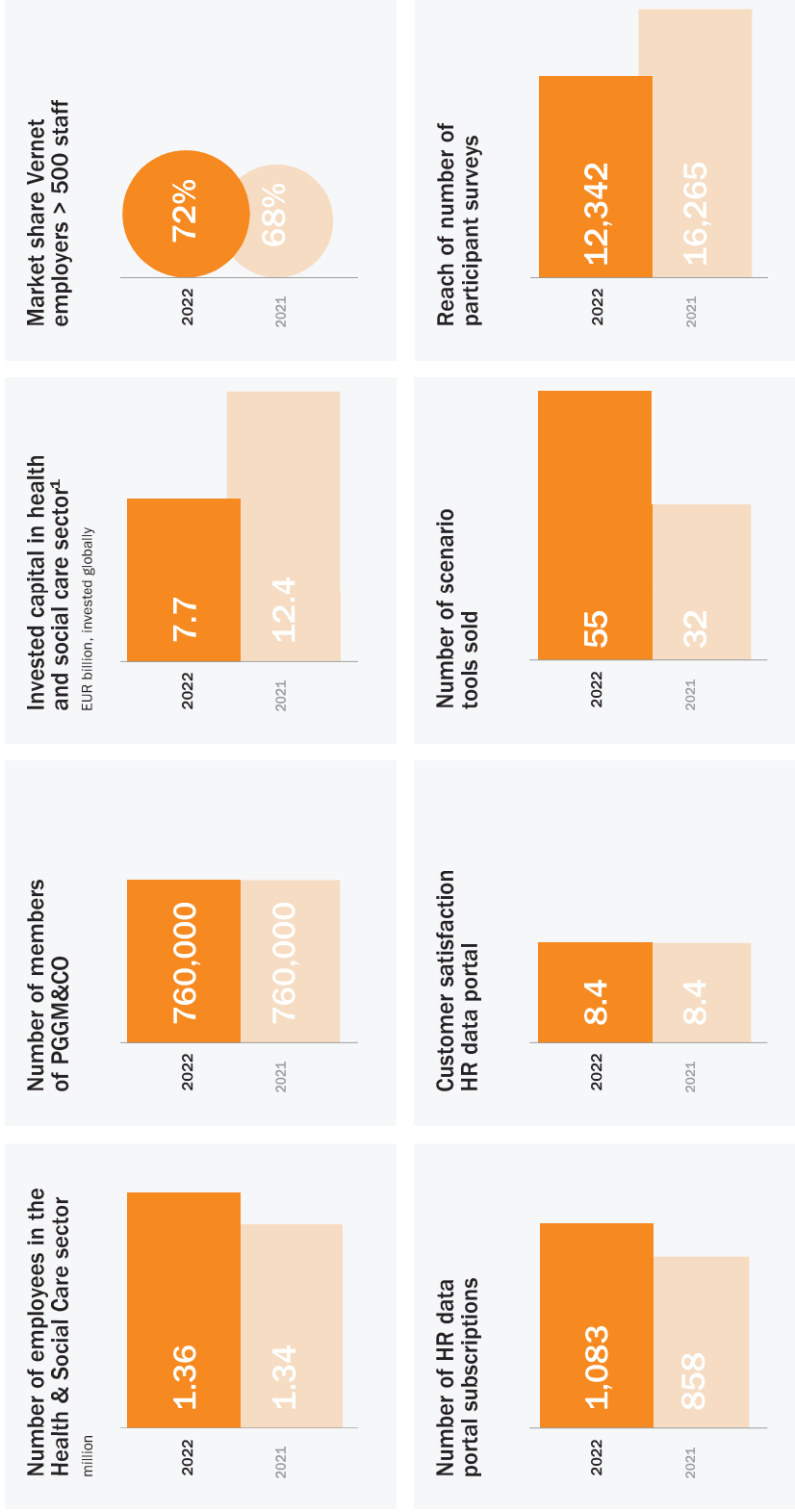
Preparation for the new pension scheme within Vermogensbeheer

The biggest change project we are dealing with is the implementation of the new pension scheme in our investment systems and processes. In 2022 we have been busy preparing for this. The biggest issue is how to divide the total assets into personal pension assets, so that the conversion process can take place smoothly. In addition to various policy proposals, we are also developing a transition plan so that we can start implementing in 2023. In doing so, we realise that our clients' participants in the new system will have a much more direct insight into the investment result.

Health and social care sector



In the coming years, the demand for healthcare will increase, while its availability will decrease. This creates a growing gap in healthcare. To reduce this gap and thereby strengthen the health and social care sector, we are developing new products and services for the health and social care sector together with PFZW and our subsidiary Vernet. We do this along the themes of a future-proof sector, good employment practices and job satisfaction.



¹Capital in health and social care = the invested capital in the health and social care sector has fallen from 12.4 billion in 2021 to 7.7 billion in 2022, to a decrease in value and because we have started to invest more in climate solutions.



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Vitality of the health and social care sector

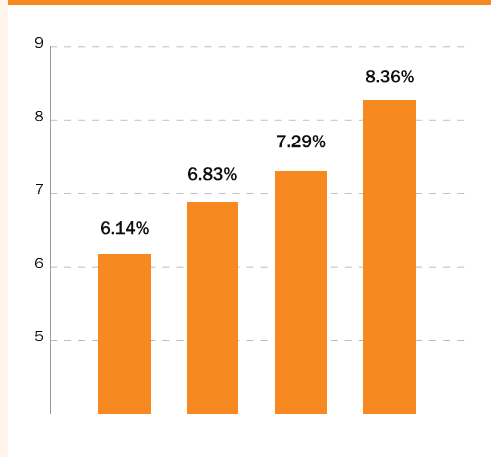
Our ambition

The health and social care sector is currently under pressure. The demand for care is growing rapidly due to an ageing society. In the coming years, the number of employees in the sector will increase less rapidly due to a shrinking labour market and as a result of a high outflow (due to sickness absence) and a low inflow. Without intervention, the shortage in the sector will rise to 140,000 FTEs in 2031. Our ambition therefore is to increase vitality within the sector, together with PFZW. We do this by using our knowledge, services and investments to make an impact on increasing the vitality of employees, employers and the health and social care sector as a whole.

In action against absenteeism

In 2022, sickness absence in the healthcare sector was higher than ever before. This is evident from new figures from our subsidiary, absenteeism data company Vernet. The absenteeism rate for 2022 was 8.36. This represents an increase of 15 percent compared to the year 2021, when the absenteeism rate was 7.29.

Development of absenteeism per year - healthcare-wide



Vernet sees that this increase was mainly caused by the increase in short-term absenteeism. In the past year, we have had to deal with the seasonal flu, corona and RS waves causing more people to be sick. Due to absenteeism and unfilled vacancies, the pressure on colleagues increases, which in turn leads to higher absenteeism. An important aspect of preventing absenteeism is attention to employees and managers. This is a common theme in the talks we have with the best-performing organisations in the healthcare sector.

The absenteeism figures now published do not include employees who were in home quarantine or waiting for a COVID-19 test result. The figures pertain to hospitals, institutions for mental healthcare, care for the disabled, nursing and home care. In total, approximately 960 thousand people work in these four sectors.

Research and data remain the basis for our actions. Whether it concerns knowledge (development), communication or the offering of services and products. PGGM&CO regularly conducts research for PFZW into vitality issues in the sector. For example, in mid-2022 we conducted a study into why employees leave the health and social care sector.

We have been working with IZZ in the field of research since 2021. Every quarter we conduct a study, which we report on to the outside world together. In 2023, we will conduct a scientific study into replacing the IZZ monitor, which was last carried out and completed by IZZ in 2022.

We will also make more use of research to explore and test interventions or propositions to ensure suitability and impact.

In addition, we also jointly participate in the research coalition, a collaboration with IZZ and FWG Progressional People, in the form of an advisory contribution from the Council for Public Health & Society, together with PFZW, PGGM&CO and Vernet. We bring together our knowledge about the sector and address important issues. This way, we are working together on a future-proof and sound health and social care sector, in which professionals provide the best care with expertise and pleasure. In 2022, the research coalition published the pamphlet 'Keeping health and social care professionals small increases absenteeism and outflow' followed by the pamphlet 'Seize the opportunities to retain young professionals in health and social care' in early 2023.

Vital participants

The ageing population, shrinking labour market, high outflow and low influx not only affect the accessibility, availability and affordability of healthcare, but also the vitality of participants in the sector. Vital participants are crucial for a sound health and social care sector. That is why we, together with PFZW, employers, social partners and other relevant parties, are committed to the mental, physical and financial fitness of the participants within the sector.

Financially Fit (employee services)

'Money worries among employees play a role in every sector and affect them mentally and physically. The impact of this is major: at home and at work. They lead to employee stress, reduced performance and absenteeism.

Seeking and asking for help in time

The theme of financial fitness has become even more relevant in the past year. Due to the higher energy prices and inflation, we can see record numbers of employees getting into trouble. Eight out of ten health and social care employees are therefore worried about their financial situation. Employers are often willing and able to lend a helping hand in this. It's therefore imperative that employees who have or expect to have financial problems seek and ask for help in a timely manner. Especially with their managers, because they can help them with that.

Products and services as a helping hand

In development with members of PGGM&CO, employers and social partners, we offer products and services to lend a helping hand to employees and prevent absenteeism. We provide insight and overview, for example by means of the Vitality Monitor. In addition, we provide training and education for directors, managers and HR professionals, in collaboration with experts. Consider, for example, a workshop on 'Let's talk about money', to help managers recognise signals and discuss concerns in the field of financial fitness. The 'managing money' webinar is intended to give employees insight into their financial situation. We also offer help through money coaches and provide information and individual solutions for employees on our platform pggmenco.nl.

Working Group Financially Fit

Together with our members, our board, the Members' Council and social partners, we are working on strengthening our range. We do this, for example, with the help of the Working Group Financially Fit, consisting of representatives of the Cooperative Council and our Members' Council. We discuss the needs of the market, new ideas that have been tabled, our working method and new products and services. Thanks to the positive, yet critical view of this working group, we can successfully work on the financial fitness of people in the health and social care sector, while our supporters are kept informed about recent developments.

Strengthening financial awareness and financial fitness

Next year we want to make even more impact and help even more employers and employees to become financially fit. All this also in collaboration with PFZW. With a broader awareness campaign in which we strengthen each other with (communications and) activities in the field of financial awareness and financial fitness.'



Henriette Davelaar

director administrative liaison PGGM&CO

Vital employers

We want to increase the vitality of not only employees, but also that of employers within the health and social care sector. Vital employers are financially sound and contribute to vital participants. This ensures continuity within the sector.

Use of data services by employers

In 2022, as in previous years, we continued to work on PFZW's HR data portal, while the use of HR data services by healthcare institutions has increased. The partnership with the Ministry of Public Health was renewed and expanded with job category data supplied to Arbeidsmarkt Zorg en Welzijn and Arbeidsmarkt in Beeld. The partnership makes it possible to offer the Insight and Benchmark modules to all employers within the health and social care sector for a period of two years, free of charge. The collaboration with the Ministry is part of the Prevention Plan within health and social care, which is aimed at reducing absenteeism, staff turnover and promoting the return of employees who are off sick. Together with healthcare professionals and the regional landscape, we want to give substance to the ambitious goal of achieving a quarter less sickness absence and staff turnover for the entire health and social care labour market by 2027.

The HR data portal welcomed its thousandth user in 2022. A total of 979 employers bought the Insight & Benchmark module and 122 users the Analysis (+) module. The HR data portal returned a customer satisfaction score of 8.4. Last year, 10 Learning Networks were started in the region and about 55 Scenario Tools were sold. The Learning Networks return a customer satisfaction score of 7.5. Social partners are also increasingly finding their way to PFZW Data Services with about 21 customised requests being dealt with.

Strategic partnership with Stichting Het Potentieel Pakken

Stichting Het Potentieel Pakken (HPP) is committed to increasing the part-time factor among employees in the Health and Social Care sector. A few years ago, a study by PGGM&CO into part-time working in the sector was one of the most important data sources for HPP. We have entered into a strategic partnership with HPP to, among other things, jointly provide workshops that provide insight into the (financial) opportunities resulting from working more and what it means in terms of the capacity within the organisation.

Further development of products

With regard to the further development of products and services, we have supplemented the Analysis (+) module (overview of absenteeism data) with an initial forecasting module 'probability of absence', in collaboration with Vernet. In addition, the Learning Networks have been more professionalised into a mature service and a start was made with the Vernet integration and the renewed scenario tool for strategic personnel planning. The main focus in 2023 will be on the further development and growth of existing services. The forecasting module in the HR data portal will be expanded with an outflow module and 'retention of inflow' and added as a new feature. In addition, PFZW data services will be focusing on the roll-out of the renewed Learning Networks in the coming year, during which we will pay attention to measuring and monitoring interventions in addition to data insights. Based on an integrated customer journey, we help employers to take the next step and make and substantiate even better policy choices. In addition to the Learning Networks, the launch of a new tool for Strategic Personnel Planning and the further integration of the Vernet range in the HR data portal is planned.

Vital sector

Our third pillar, in addition to vital participants and employers, is a vital health and social care sector. We want to contribute to a vital sector that provides affordable, available and accessible health and social care. We do this by using our financial expertise and entering into partnerships with health and social care-related institutions, among other things. Our ambition is to give a broader follow-up to this in 2023.

Deployment of financial expertise in the health and social care sector

Together with PFZW, we want to make a greater contribution to the health and social care sector. Through the world, but in the Netherlands in particular. That is why we use our financial expertise and, together with PFZW, look for investments that support the sector in the field of financing issues and at the same time ensure a healthy return at a responsible risk.

Investing in healthcare

On behalf of PFZW, we invest in companies or projects that contribute to good health and social care across the globe. Yet we also invest closer to home. In 2022, for example, we invested an amount of EUR 40 million in the Gilde Healthcare investment fund.

Investments that ease the work and improve care

The fund invests in companies in Northwest Europe that are active in the healthcare sector. For example, investments are made in a software company that makes reports possible that medical specialists and administrators of hospitals use to work smarter and more efficiently. Many Dutch hospitals are currently using this system. Another example is an investment in a company that supplies highly qualified medical personnel to smaller care homes and institutions. As a result, patients will have access to the right specialists and practitioners in small-scale care as well. And all that at lower costs compared to an institution having to employ these specialists itself. These are examples of investments that can ease care work and improve healthcare.

Good for retirement, good for healthcare

By investing in healthcare close to home, we kill three birds with one stone: we achieve good returns for the participants, we contribute to better and more efficient work in healthcare and we support innovation in the healthcare sector.

Support of hospitals in Ukraine

The need in Ukrainian hospitals is extremely urgent, especially behind the so-called warzone. Together with PFZW and the Cooperating General Hospitals (SAZ), we support the campaign to provide hospitals in Ukraine with medicines and medical devices. Through Stichting Healthcare4Ukraine, which was set up especially for this purpose, we collect money to make the monthly transport possible.

Healthcare4Ukraine: medicines and devices beyond the warzone

'From the Netherlands, Healthcare4Ukraine maintains direct contact with the Lviv Regional Clinical Hospital in Lviv. Like more and more other hospitals in Ukraine, this hospital is in urgent need of medicines and medical devices. The hospital in Lviv organises the forward delivery to other hospitals in Ukraine, beyond the warzone.

A complex and exciting project

The supply and transport of medicines within and outside Europe are subject to regulations and permits. Hospitals are therefore not allowed to donate medicines just like that. To comply with all laws and regulations, the IDA Foundation is involved, which provides medication to developing countries as a social enterprise. They supply the requested medication with accompanying permits at development aid rates. The costs are therefore lower than the prices on the Dutch market. As regards medication that the IDA foundation cannot supply, we work with Brocacef. We also work closely with professional parties for storage and transport. Medical devices are collected at a central storage point. From there, the devices and medicines purchased from IDA are transported to the hospital in Lviv. They organise the further distribution of aids and medicines to hospitals in Ukraine.

What is needed?

Healthcare4Ukraine needs a continuous flow of financial resources to continue to meet the needs of the hospitals. As regards the project organisation, there is a need for further professional and sustainable support for the long term. The organisation is set up entirely by voluntary professionals, thereby ensuring that 100% of the proceeds are spent on relief supplies.

What do we do?

Together with SAZ, we have set up a foundation especially for this campaign, [Healthcare4Ukraine](#) and also opened a special account number. We actively raise funds and support fund-raising appeals through Stichting Healthcare4Ukraine and this account number.

What have we achieved together?

In 2022, we were able to realise 13 transports to Ukraine; 11 trucks with medicines and medical devices and two transports with ambulances and medical equipment. With this we have been able to reach more than 80 hospitals and other medical institutions in Ukraine.'









Jill Kragten
PMO Healthcare4Ukraine Project

Our partners

The mission of PGGM reads: a solid value in health and welfare. We therefore focus on connecting with the health and welfare sectors through targeted partnerships so together, we can be of even greater social value in line with our focus SDG number 3: 'Good health and social care'.

Some of our partners are:

	<p>Alzheimer Nederland is working on a future without dementia and on a better quality of life for people with dementia and their loved ones. PGGM colleagues use the social impact platform Bundel to support various activities of Alzheimer Nederland, including the memory trip and fund-raising.</p>	
	<p>The national project ABOARD (a personalised medicine approach for Alzheimer's disease) is a collaboration of more than thirty partners, including PGGM, to stop the effects of Alzheimer's disease. ABOARD focuses on the phase before dementia. We participate by sharing our knowledge and expertise, in which our efforts are mainly focused on communicating about the ABOARD project and the results to healthcare professionals.</p>	
	<p>Saestum is the local sports association in Zeist and fulfils a social role in the local community. They are also part of the Coalition against Loneliness and offer their facilities for programmes to combat loneliness among young people and the elderly. PGGM supports this local sports association.</p>	

Our collaboration with ZWiC

'ZWiC offers financial support to (surviving relatives of) healthcare workers who have been admitted to the ICU or have died as a result of their work. The financial consequences of an ICU admission or death can be high due to, for example, the costs for physiotherapy, necessary home adjustments or missing out on unsocial hours allowances. By making a one-off financial contribution, the foundation wants to prevent (surviving relatives of) healthcare employees from also having to deal with financial worries, in addition to the worries and grief surrounding an ICU admission or death.

Our commitment

As PGGM, we support the foundation through the efforts of three of our employees. We take care of the administration of the foundation, ensure applicant files are complete, and further I'm allowed to fill the role of board member at ZWiC. Each board member has a different background and expertise, but the common denominator is having a heart for care. We really work together as a close-knit team.

Connecting two worlds

Before I came to work at PGGM, I worked in the health and social care sector and I think that we at PGGM can learn a lot from this sector. The importance of diversity and collaboration is more self-evident there. The common goal in the sector is clear: the patient. Above all, healthcare professionals want to make a difference to other people. Vice versa, I think that a financial institution like PGGM can use its expertise and financial resources to further professionalise healthcare. I'm proud of the fact that my position at PGGM allows me to fulfil the role of board member at ZWiC and I hope that I can connect the two worlds in this way.'



Nicky Wormhoudt

investment strategist and board member at ZWiC

Future-proof business operations

At PGGM, we are focusing on innovations to add even more value for our clients, employers and participants. We also ensure that our organisation is and remains dynamic and adaptive. In everything we do, we know it will have an impact on tomorrow's world. That is why we incorporate sustainability into all our actions.



Financial performance

As shown in the table below, we achieved a positive financial result of €9,0 million for the year 2022.

Condensed profit and loss account			
All amounts in millions of euros	2022	2021	Difference
Total operating income	340,4	336,7	3,7
Total operating expenses	-327,3	-313,2	-14,1
Financial income and expenses	-0,3	4,2	-4,5
Result before tax	12,8	27,7	-14,9
Taxes	-3,5	-6,9	3,4
Result of participating interests	-0,3	0,1	-0,4
Result after tax	9,0	20,9	-11,9

Explanation of the financial result achieved in 2022

In 2022, we generated operating income of €340,4 million based on our services to institutional clients (pension administration and/or investments), for our data services to the health and social care sector and from our collaboration with MN for sharing the PGGM pension administration system. On the other hand, in 2022 we incurred operating expenses of €327,3 million and financial expenses of €0,3 million. Our operating expenses mainly consist of personnel costs, costs of outsourced work/hiring external personnel and other costs (particularly costs for automation and accommodation). After the deduction of corporate income tax of €3,5 million and a negative financial result on our interest in Design Authority B.V. of €0,3 million, we arrive at a positive result after tax of €9,0 million.

Comparison of financial results for 2022 and 2021

Our financial result achieved in 2022 (€9,0 million) is €11,9 million lower than the financial result for 2021 (€20,9 million). The decrease in result is largely due to higher operating expenses in 2022 and a one-off financial gain in 2021.

In 2022, operating expenses increased by €14,1 million compared to 2021. This is the result of scaled-up capacity (both internal and external employees) required for the transition of our IT systems and processes to the new pension scheme and for better protection against cybercrime. In addition, operating expenses further increased due to regular developments such as inflation and structural wage increases as a result of the new collective agreement.

Compared to 2021, financial income and expenses fell by €4,5 million. This difference is mainly due to the sale of Rabo PGGM PPI in 2021. Last year, the sales proceeds were recognised under financial income and expenses, resulting in a positive result of €4,2 million in that year.

Appropriation of the results

Based on our profit appropriation policy, the proposal is to assign the undistributed result after tax of € 9,0 million to equity. This result will enable us to make further investments in the coming years, including in the pension administration system.

At the end of 2022, equity amounts to €259,8 million (2021: €250,8 million), thereby meeting the intended funding capital as determined in our equity policy. As at 31 December 2022, our solvency is 71.9% (2021: 72.3%). The solvency is determined as the ratio of equity to the balance sheet total. The slight decrease in solvency is due to the fact that equity rose relatively less than the balance sheet total.

Liquid assets and money market funds

We have funds outstanding with both banks and money market funds. As at 31 December 2022, the value of these resources amounts to €245,2 million (2021: €230,5 million). The increase in cash and cash equivalents is largely due to an improvement in cash flow from operating activities. A total of €110,2 million of cash and cash equivalents is invested in two money market funds. We list these investments in the financial statements under securities. By holding our money in money market funds, we exchange the individual banking counterparty risk for a diversified product. We retain more than sufficient liquid assets to meet our obligations. In 2022, our liquidity position was sufficient and there was no additional financing requirement.

Sustainable business operations

Our net zero business operations

In the summer of 2022, we as PGGM expressed the ambition to be completely net zero in our business operations before 2050, with a significant reduction achieved by as early as 2030. This means that from that moment on, our net CO₂ emissions will be zero. By doing so, we endorse the Paris Agreement.* With regard to the CO₂ footprint of PGGM, we adhere to the international greenhouse gas protocol (GHG protocol) standard, with a division into three scopes. Scope 1 includes all direct emissions from the company. For us, this concerns natural gas for heating and other climate systems in the office. Our ambition is for emissions from scope 1 to be net zero by 2030. Scope 2 includes the indirect emissions of purchased energy for our building, which in our case is the purchase of electricity. These emissions have been net zero since 2013. Scope 3 includes all indirect emissions from the chain, including emissions from business travel, commuting and the products and services we purchase. Our ambition is to reduce these emissions by 55% in 2030. These must be completely net zero by 2050. This goes hand in hand with the existing plans to make our accommodation more sustainable and the current target for mobility.

In 2022, we started drawing up climate plans and creating an even more complete picture of scope 3 emissions. In 2023, we will take the next steps in developing roadmaps for a substantiated transition to net zero. Four working groups have been set up for this, for the building, mobility, IT and business & other. The CFRO plays an active role in various sustainability steering groups, including the Net Zero steering group and the Diversity Board. The other EC members are kept informed of developments related to sustainability by means of a quarterly dashboard and relevant memos.

*CO₂ emissions include emissions of other greenhouse gases, as defined by the Kyoto Protocol

Net zero

'IT pension management works with more than 100 different systems and applications from about as many suppliers to implement our excellent customer service. This is carried out for clients of PFZW, BPF Schilders and StiPP and is complex and comprehensive.

Towards a complete net zero organisation

In 2022, we carefully mapped out all these systems and applications and the associated suppliers. Working with so many different suppliers makes it a challenge to determine the right steps to move towards a net zero IT landscape. In December we exchanged ideas with the largest IT suppliers about how we can achieve a truly joint net zero IT chain design in the future. The ultimate goal is to achieve a complete net zero design as a total IT chain from development, production and use to disposal and destruction. This is still a big step, but it's the direction in which we as PGGM want to move in order to contribute to a cleaner world.

Contribution from our suppliers

In 2023, we will discuss with all (major) suppliers how our net zero ambition relates to the objectives and ambitions of our suppliers. Where do these ambitions already line up? Where do they possibly create synergy? And what do we have to make additional agreements about? When entering into new contracts or renewing existing ones, we will expressly take into account how and what contribution these suppliers make to achieving our net zero ambition.'



Louis Bendsdorp
senior business consultant

Mobility

As a member of the Anders Reizen coalition, we have promised to halve our CO₂ mobility emissions by 2030. Emissions per FTE in 2016 will serve as a reference point for measuring and reporting CO₂ emissions. Mobility emissions include emissions from car use (both kilometre allowance and leasing), air travel and public transport. We are constantly working to reduce CO₂ emissions in this field. In 2020, we made some rapid advances by choosing only electric leased cars. This means that our lease fleet will be entirely fossil fuel-free by 2025. At the end of 2022, a total of 72% of the leased fleet was electric.

Hybrid working officially started in 2022, which means we only work in the office for part of the time. With the where-you-work budget, a flexible and green commuting arrangement, we encourage colleagues to make sustainable choices when travelling to the office. Public transport is fully reimbursed. Colleagues are reimbursed 19 cents per kilometre for walking or cycling to the office. Car distances under 10 kilometres are not reimbursed and the maximum number of kilometres reimbursed per one-way commuting trip is 20.

PGGM responsible basis



The PGGM sustainability agenda is based on two pillars; making a recognisable positive impact on the three focus SDGs and providing for a responsible basis, we strive to reduce our negative impact and, where possible, to increase our positive impact. In the responsible basis, the scope per SDG has been drawn up on the basis of relevance to PGGM's business operations. A number of SDGs do not apply to PGGM and are therefore not included. Results of the relevant GRI indicators are plotted below against the SDGs of the responsible basis. By doing so, we take steps towards integrating sustainability reporting in line with the upcoming CSRD legislation in the coming years.



4 QUALITY EDUCATION

Inclusive and fair access to quality education through the range and quality of the training and courses within PGGM.

- LEO introduced in 2022 with **667** courses offered
- **1.6%** training costs compared to personnel costs



 

Read more on page 59

8 DECENT WORK AND ECONOMIC GROWTH

Fair and safe work and fair wages of colleagues in the value chain; PGGM's own staff and the procurement chain.

- **100%** of employees are covered by the occupational health and safety management system
- **8** calls to company emergency response team, 0 industrial accidents
- **0** reports via whistleblowers' scheme
- **98%** of employees are covered by the collective agreement
- **70.6%** of new suppliers screened against social criteria


 

Read more on pages 55 and 62

15 LIFE ON LAND

Protecting and stimulating biodiversity on the PGGM Campus and taking biodiversity into account when purchasing food and paper.

- Sourcing food locally (purchased in Utrecht):
 - **0%** of locally sourced meat
 - **0%** of locally sourced vegetables
 - **7%** of locally sourced fruit
- **Certification** of BREEAM-In-Use Very good
- **30%** reduction in CO₂ emissions on paper per FTE compared to 2016
- Site consists of at least **60%** greenery

Read more on page 52

7 AFFORDABLE AND CLEAN ENERGY

Accelerating the transition to an affordable, reliable and sustainable energy system through energy production and consumption on the PGGM campus and site, as well as promoting sustainable infrastructure.

- **2,938,345 kWh** energy consumption
- **152,433 m³** gas consumption
- **322,536 kWh** energy consumption outside the organisation
- **28%** reduction in energy consumption compared to 2016



 

Read more on page 52

14 LIFE BELOW WATER

Protecting the sea and oceans by taking into account what PGGM discharges on the site/sewer and the purchase of fish the chain.

ed groundwater
onally certified fish sourced



 

Read more on page 16

5 GENDER EQUALITY

Gender diversity, offering equal opportunities and combating discrimination within PGGM at all levels, as well as in the procurement chain and external managers.

- **62%-58%** male:female ratio across PGGM
- **31%** women in management positions (target = 35%)
- **29%** women in executive positions (board, supervisory board and 30 directors) (target = 33% female)
- **0** cases of discrimination reported


 

Read more on page 59

10 EQUAL OPPORTUNITIES

An inclusive and safe workplace at the PGGM office and improving opportunities for people with an occupational impairment, including fairness of the remuneration policy.

- **€ 1.918** minimum starting salary at PGGM versus the statutory minimum of € 1.756
- **51%** of senior management hired from the local community (Utrecht)
- **58%** of employees is from the local community (Utrecht)
- **89%** of employees have a permanent contract
- **7.5** annual compensation ratio (the ratio between the highest-paid director and the mid-level base salary of all employees excluding the highest-paid director)

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ensuring a safe working environment and transparency about business processes, complaints and discrimination.

- **0** confirmed cases of corruption and measures taken
- **0** legal actions for anti-competitive behaviour, antitrust and monopoly practices
- **0** substantiated complaints about violation of privacy and loss of customer data
- **98%** of the employees are covered by a collective agreement



 

Read more on page 79

6 CLEAN WATER AND AFFORDABLE ENERGY

High quality and availability of water and limited water use through the efficient use and storage of water on the PGGM site.



- **4.103 m³** drinking water consumption
- **369 m³** drained groundwater
- **100%** of the rainwater is collected in the swale and on the site

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable production, consumption and disposal within PGGM business operations.

- **394,018 kg** of paper for pension communication
- **74,580 kg** of waste generated
- **70.6%** of new suppliers screened against environmental criteria
- **Certification** of BREEAM-In-Use Very good



 

Read more on pages 52 and 55

17 PARTNERSHIPS FOR DEVELOPMENT

Partnerships that aim to jointly achieve sustainable developments based on the PGGM sustainability agenda.

- **7** social partnerships
- **25%** of PGGM employees contribute to social impact platform Bunde!

Read more on page 53

SDGs 2, 9 and 11 are not included in the responsible basis. These do not apply to PGGM's business operations.

We aim to reduce our emissions as a result of air travel by flying as efficiently as possible, flying business class less and taking the train as standard to some European destinations. Nevertheless we invest for our clients across the world. So it is essential that we build knowledge and create a network, and flying to the relevant destinations supports our investment decisions. We focus on alternatives to air travel and encourage sustainable choices by offering insights into CO₂ emissions at a team level. In addition, we invest in solutions to make flying itself more sustainable. Since 2013, we have been a participant in the KLM Sustainable Aviation Fuel (SAF) programme. One litre of SAF emits 75% less CO₂ than fossil kerosene. It's produced from responsible biomass, for example from frying oil waste from the food industry. SAF is mixed with fossil kerosene on a number of flights.

Building

In line with our net zero ambition, we apply an effective approach in taking the necessary steps to make our office natural gas-free sooner than required by law. In addition to electricity generated by ourselves, we also use sustainable electricity generated within the Netherlands. We will reduce energy consumption in 2022 by lowering the basic room temperature in the office by two degrees, by making maximum use of our heat and cold storage system and by closing parts of the building on quiet days. In addition, our site is officially a Heuvelrug Example Garden. The site meets this requirement because it consists of at least 60% greenery, gardening is performed without the use of harmful pesticides, the park offers shelter for birds and insects and has native plants in keeping with the environment.

BREEAM-in-Use Very good

In 2022, we successfully renewed our BREEAM-In-Use certification Very good. BREEAM-NL In-Use is an instrument for monitoring the sustainability performance of an existing building. In addition to this confirming that our own business operations are in order from a sustainability perspective, it also provides insight into points for improvement that can be made to further improve on sustainability. This is how we give concrete substance to our responsibility for creating a liveable world (SDG 13 climate action). As a building owner, the certificate allows us to obtain a significant tax benefit on investments we make to further increase our sustainability efforts. Being BREEAM certificated also makes complying with matters such as the obligation to provide information and energy audits a lot easier and can even release us from certain legal obligations.

CO₂ emissions

We annually measure and report on the CO₂ emissions from our business operations. This does not include the CO₂ emissions from our clients' investments. For operations, we measure our direct and indirect emissions. Scope 1 and scope 2 emissions are fully measured. We currently measure scope 3 partially based on availability and relevance. These emission measurements were further expanded in 2022 and we will continue our efforts in this respect in 2023. Emissions per FTE in 2016 is our reference point for CO₂ emissions.

CO₂ emissions in 2022

Over the past two years, CO₂ emissions from PGGM were significantly lower due to the COVID-19 pandemic. In 2022, CO₂ emissions gradually increased again during the year, more closely resembling the pre-COVID-19 years. PGGM's CO₂ emissions per FTE is 3.27 tons in 2022, compared to 5.0 tons in 2016. In absolute terms, this is 4870.2 tons of CO₂ in 2022, compared to 6660.0 tons in 2016.

In 2022, we were no longer limited by lockdowns and switched to hybrid working. As a result, we commuted more. Air traffic was also largely restarted, with the exception of Asia. All this resulted in an increase in CO₂ mobility emissions compared to 2021. One of the relatively largest changes compared to our base year 2016 is the reduction in public transport. This is due to the greening of train traffic and the reduction in travel movements due to hybrid working. In the past year, a lot of time was spent on better adjusting the energy consumption in the building and the thermostat has been permanently lowered. All this resulted in lower gas consumption.

Developments in CO₂ emissions

The picture of our CO₂ emissions is getting more and more complete by adding new emission sources that account for more than 1% of the total footprint. In 2022, a number of different new sources have been added to the scope 3 calculation. For example, we mapped out the CO₂ emissions of the waste streams and part of the IT landscape. This includes the energy consumption for our workplace, the IT hardware that is issued to our employees and our data centres.

These efforts are part of our net zero ambition and are ongoing. We often do not have historical data for the newly added sources and therefore the year of addition is used as a reference point. In addition, the decision was made to use the 'market electricity' emissions factor for electric lease cars, instead of the 'green electricity' factor. We do this because we are unable to demonstrate that the cars are charged with green electricity. This causes an increase in CO₂ mobility emissions.

CO₂ compensation

As well as working to reduce CO₂ emissions, we are also compensating the residual emissions that remain, thus making us CO₂ neutral. We offset our residual CO₂ emissions against the Bamako Clean Cookstoves project in Mali. This Gold Standard project provides efficient wood ovens that use 30 to 40% less wood. In Mali, 90% of the population cooks on open fires or charcoal. In addition to deforestation, this has serious health risks. It is important to note that compensation is not a reduction, but a temporary solution. Through compensation, we acknowledge that we are aware of the climate impact we are causing.

Social commitment

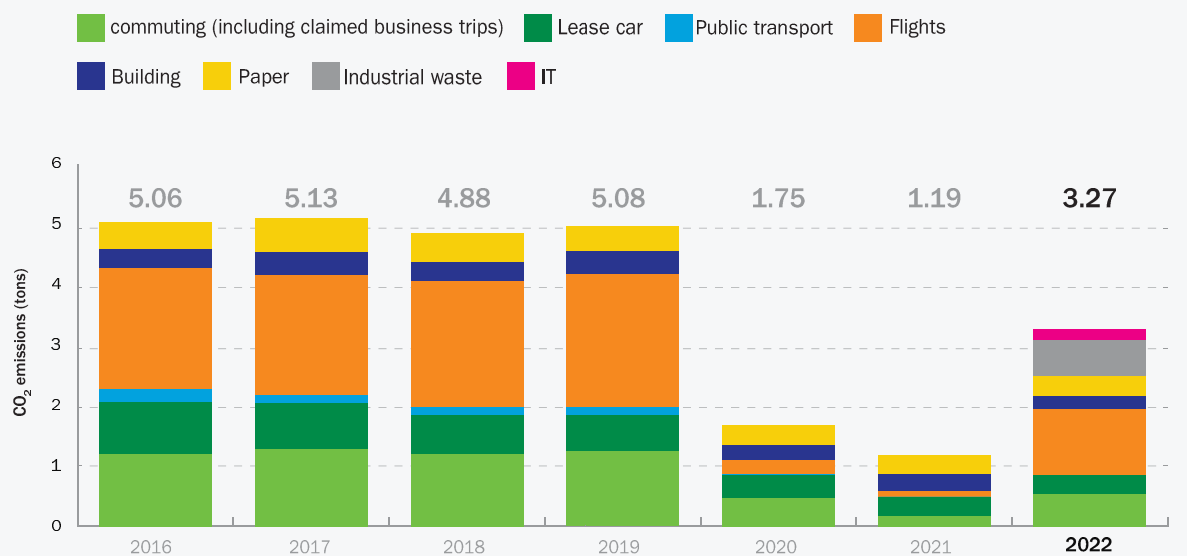
In 2022, as in previous years, we joined forces with various parties. In doing so, we seek to make a concrete and meaningful impact for the sector and focus on a form of reciprocity. This is mainly reflected in our colleagues' social commitment to the sector through the Bundel platform. Through the social Bundel platform, developed in collaboration with PFZW and PGGM&CO, our colleagues can dedicate 16 hours per year to the health and social care sector. Collectively, approximately 370 colleagues participated in 2022 and together they engaged in an activity more than 549 times. In doing so, we jointly deployed 1550 hours for the benefit of a vital sector, a liveable world and financial fitness.

CO₂ footprint PGGM 2022



Sources	CO ₂ emissions (tons) in 2022 per FTE	Change compared to 2016
Scope 1	0.23	
Natural gas	0.23	-24.7%
Refrigerants	0.0	N/a
Scope 2	0	0%
Electricity	0	
Scope 3		
Commuting (excluding lease cars)	0.51	-56.7%
Business kilometres - (private car)	0.01	-35.6%
Leased fleet	0.32	-63%
Public transport	0.01	-95.6%
Paper	0.32	-30%
Flights	1.19	-41.9%
Sustainable aviation fuel	-0.11	
Drinking Water	0.001	-22.8%
Waste	0.59	N/a
IT	0.20	N/a
Total	3.27	

CO₂ emissions per FTE



Colleagues showing major commitment to Stichting Jarige Job

'Each year some children in the Netherlands cannot celebrate their birthdays because there is no money at home. Stichting Jarige Job helps these children by giving them a birthday box. This contains everything you need for a real birthday, at home and at school! This is a wonderful initiative to which we as PGGM were happy to contribute.

Special campaign

That's why in December Bundel organised a special campaign to collect toys for Stichting Jarige Job. After our EC members had put in the first presents at the beginning of December, we noticed that the campaign started to gain momentum among colleagues.

After just one week, the counter stood at no less than 100 presents. Towards Christmas, the counter had gone through the roof and totalled 625 presents. This greatly exceeded our original expectation of 500 presents! But it didn't stop there. During the first week of the new year, our special display continued to be well visited by colleagues with the nicest presents.

End result

The final count took place in January 2023. Our adjusted goal was to collect 750 presents together. After counting, it appears that no fewer than 832 presents were donated by PGGM employees! Stichting Jarige Job came by our office with a truck to receive all the gifts collected and thus make a lot of extra children happy in 2023.'



Saskia Geerts
Sustainability consultant

Sustainable purchasing

We ask all suppliers to accept our Socially Responsible Procurement (SRP) guideline as part of the purchasing conditions. We may also ask for a personal statement.

The SRP guideline refers to fundamental human and labour rights, as laid down in the Guidelines and Conventions of the International Labour Organization and the United Nations Universal Declaration of Human Rights.

PGGM is not a production company, so purchasing in this instance relates to purchasing for business operations. Of the purchases that can be influenced, 70.6% of suppliers agree with the SRP guideline. There is currently no process to carry out an impact assessment of environmental criteria at suppliers. Sustainability criteria are included in the SRP guideline.

Efficient collaboration in business culture

Changes in the pension world and the rise of the digital economy are also leading to adjustments within PGGM. Many of our teams work Agile. We started implementing the Scaled Agile approach in 2022. It allows many teams to work on multiple complex products in an ever-changing environment. This in turn allows us to adapt even faster, both in terms of rapidly changing customer demands and in the field of new technological developments.

Improvements in our IT

In order to keep up with the changes in the world, the pace and volume of IT changes that we can realise as a company must increase. After all, strengthening our technology is one of the foundations that enable us to continue to guarantee our services in the coming years. This requires, among other things, a reduction in the complexity of our IT landscape, effective and adaptable management of our IT capacity, a structure and technology in which IT teams can work as autonomously as possible and a substantial investment in the knowledge and skills of our own employees. We have taken significant steps in this direction in the past year.

Transition to the cloud

At PGGM we have had a hybrid infrastructure for our business applications for some time now: partly running on the Microsoft Azure cloud and largely onsite. In 2022, we started the transition to the cloud infrastructure and cloud-native design of our IT architecture and tooling. A huge job that affects all IT departments, but one which makes it possible to reduce complexity, implement security measures uniformly and define and control these by means of code. It also allows us to integrate complex solutions such as Kubernetes, machine learning and cognitive services into our applications more quickly.

Modern data architecture (DDI)

One of the first developments on Azure was a DDI for all of PGGM, for data quality and governance, reporting and analysis. In doing so, we have centralised all company data, so that we can apply a more data-driven approach when making decisions and managing. In 2022, we started the transition to this environment.

Pensioenbeheer focuses on data quality, so that we can correctly implement the pension transition. In Vermogensbeheer, we focus more on the reporting options. All units now use this DDI in a broad sense and with the integration of our Python environment, more and more analytical applications are being created. We will soon also support the technology underpinning machine learning and natural language processing innovation initiatives in production.

Successful continuation of ISO certificates

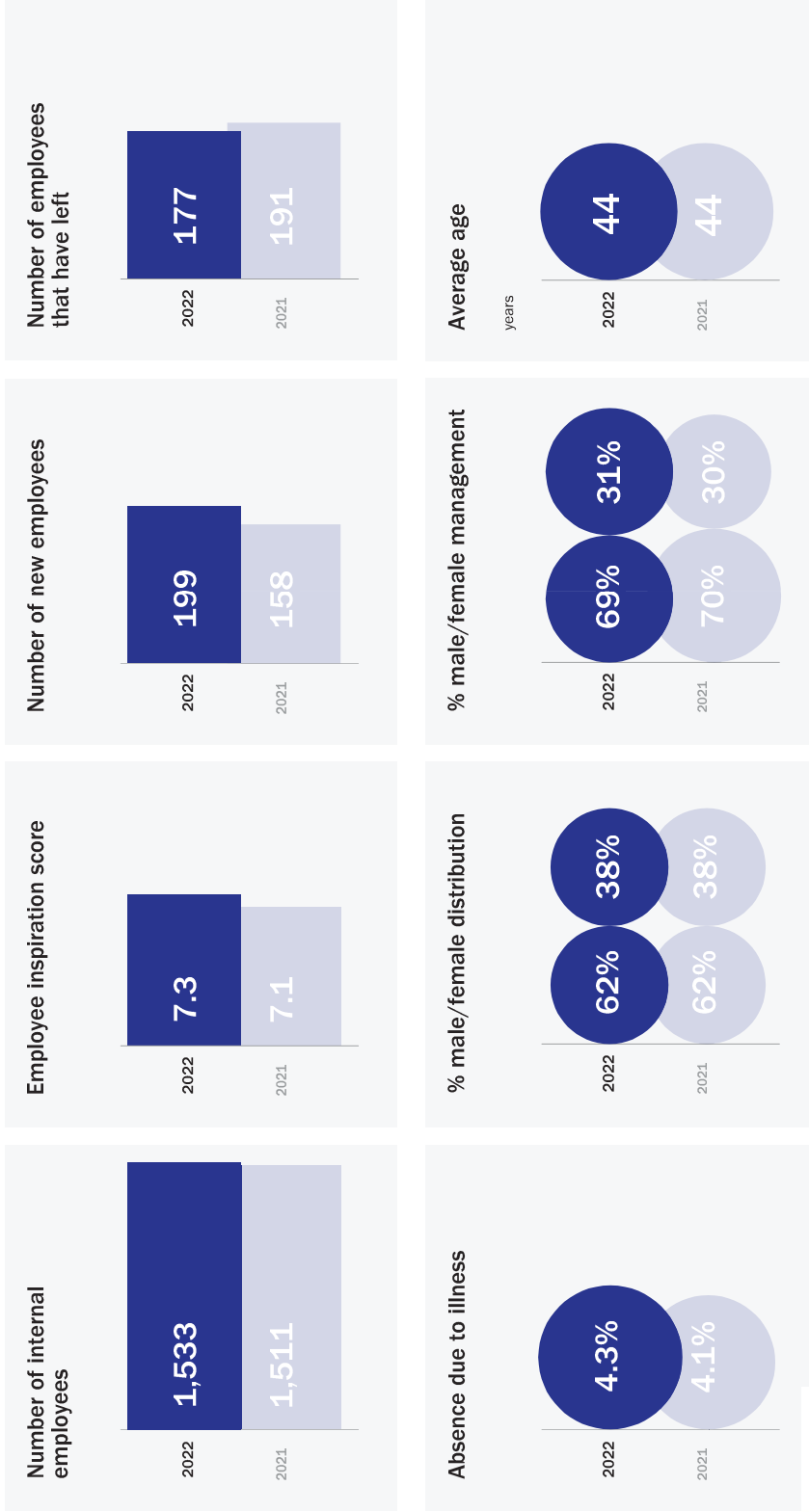
The IT departments, Facilities Management and Purchasing & Contract Management have in recent months demonstrated that they meet the requirements of ISO9001 Quality Management, ISO20000 IT Service Management and ISO27001 Information Security.

The ISO certificates give our clients the confidence that we meet international management standards. In addition, the audit gives us a detailed insight into the status of the management system.

The auditor has identified a limited number of improvements that we will be working on.

Inspiring and inclusive working environment

Our people are our main strength. At PGGM we therefore see it as our task to ensure that they enjoy their work, can develop and feel involved and valued. Out of social interest and to attract, retain and develop talent, we work to create an inspiring, innovative and inclusive work environment.



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Inspiring and inclusive working environment

Diversity and inclusion

Within PGGM we are open to different ideas, thoughts and input. Society is diverse and we, as an organisation, want to reflect this. Only this way can we better understand the wishes and needs of our clients and their participants. We know that diverse teams perform better. We therefore bring diversity and inclusion to the attention of PGGM under the theme of Diversity of Thinking.

Inclusion dialogues

At the end of 2021, we set up an organisation-wide unconscious bias programme with the aim of creating more awareness. In 2022, we rolled this out further and various teams within PGGM entered into the so-called 'inclusion dialogue' with each other. An inclusion dialogue is a team session in which, for example, psychological safety and partnerships are discussed in more detail, as well as how other ways of thinking and perspectives can reinforce each other. These inclusion dialogues are raising awareness about diversity and inclusion and we aim to take this further in 2023.

Diversity Board

To ensure that we (continue to) have diverse teams, we conduct a conscious recruitment and selection process. In doing so, we pay attention to the composition of the teams and ensure that every employee can perform well. In addition, we continuously draw attention to the subject through various communication channels, throughout the year. Every (future) employee must be able to be him or herself and dare to express himself or herself. Our Diversity Board periodically monitors progress on diversity targets. Every business unit is represented on this board, thereby ensuring that we continue to share interesting insights with each other. In addition, the Diversity Board initiates PGGM-wide activities in the context of diversity and inclusion.

'With the Make it Possible (MIP) programme, our ambition is to employ 20 people with poor job prospects each year. This agreement is enshrined in our collective agreement. In this, we work together with the Employee Insurance Agency (UWV) and a number of specialised reintegration agencies.

17 MIP candidates in 2022

We proactively match MIP candidates within PGGM to appropriate assignments and work. A new trend is visible: several departments submitted an active request for an MIP colleague in 2022. The starting point remains that we match on the basis of work experience and qualities of the MIP candidate and adjust the position to the number of hours that the candidate is fit for work. In 2022, 17 MIP colleagues worked at PGGM. Hybrid working has advantages for the target group, as it further aligns work and employability.

Training location

In addition, mid-2022 we became an official training location for students of SO Bartiméus Zeist, which provides Special Primary Education for students who are visually impaired or blind. As part of the mobility lessons, the training is provided with the aim of teaching students to independently find their way in the public domain.

A focus on the possibilities

At PGGM, we attach great importance to Diversity of Thinking. Our aim is to keep adding to its importance. Driven by our social commitment, we have run the Make It Possible Programme for years. But above all because our focus is on people and talent and because we continue to recognise the value of people. This year, two MIP colleagues were appointed permanently, because they provide added value. The focus is on the possibilities and not the limitations.'



Nicole Nijveldt
project leader of Make it Possible

Balanced male-female ratio

We set target figures for 2022 in response to the Gender Balance Act. The Executive Committee (EC) consists of five seats, two of which are held by women. There have been no new appointments and/or re-appointments in 2022. The Supervisory Board consists of six seats, two of which are held by women; in 2022, one post became vacant on the Supervisory Board and this was filled by a woman. With this, we have achieved our EC and Supervisory Board targets for 2022 of at least 33.33% male and at least 33.33% female. In the EC, 40% are women.

The target figure for the second layer of management (all 30 PGGM directors) has also been set at 33.33%. This second layer of management is currently made up of 22 men and eight women. This means that 27% of directors are women. The target figure for 2022 was therefore not achieved, although we did our utmost to achieve this target figure and to raise awareness about diversity and inclusion throughout the year.

Several internal appointments took place in 2022 and further opportunities will be closely monitored in 2023. For 2023, we will once again set ambitious and appropriate target figures in accordance with the Gender Balance Act. Optimising our recruitment and selection process and continuously drawing attention to the subject are only a few of the measures to achieve our target figure.

Employee Survey 2022

This year, more than 82% of all employees completed the employee survey. This provides us with valuable information to gain insight into our employees' opinions of their work and PGGM as an employer. The results show that they are particularly proud of the collaboration within their own teams and of the hybrid way of working. At the same time, they would like to see improvements in the areas of organisational culture, collaboration with other teams and result orientation. We will start working on this in 2023, both in the teams and in the EC.

Hybrid working in practice

We have now been gaining experience with hybrid working since March 2022 and we can conclude that its introduction at PGGM has been successful.

Connecting and innovating

'Just over three years ago now, we suddenly had to start working from home. Fortunately, hybrid working works out well in practice for the majority of our colleagues. A survey among 773 of our colleagues shows that 78% are satisfied with IT tooling and the working environment, among other things. On the other hand, our focus has shifted to the (primary) tasks, while (secondary) work aspects such as learning & development and innovation have moved into the background. And that is still the case now. We do also notice that the connection with colleagues and PGGM is declining. These are two developments that are not good for PGGM in the long term and that we must address by developing our own vision and objectives for it.

What is needed?

We look at individual needs, but above all at what is good for the team and ultimately for PGGM as an organisation. What do the teams need to be able to collaborate, innovate and create? The desire is there; many teams have already started looking for solutions and improvements themselves. The role of managers is to respond to this, to connect and to promote development and innovation. Physically, we are also looking at the layout of our office. This is no longer a collection of workplaces, but a meeting place and a space to create and innovate together. In addition to the quiet zones and phone booths, there are brainstorming areas throughout the building, including in the Grand café.

Getting started together

Events such as the annual barbecue, sports activities and guest speakers are opportunities for connection and inspiration. The high attendance numbers and enthusiasm of our colleagues show that we are on the right track. In 2023, together with various stakeholders from the organisations, we will give further substance to the theme of Connection, because connections are made together.'



Manon Pernot
director of People & organisation



Linda Gort
project leader

Learning and Development

Within PGGM we have set up the Learning and Development department, which is aimed at advising and supporting employees and management in attending training courses in the field of knowledge, skills and competencies. In doing so, we aim to improve sustainable employability. In addition, there is the Mobility Centre, a central location within PGGM for everyone who wants to get started with mobility, sustainable employability and being 'Fit for the Future'.

Employee participation

At PGGM, we believe it's important to involve all colleagues in their work, the place where they work and PGGM's policies. We therefore apply a model for modern, proactive participation. Our Works Council consists of eleven core members with room for extraordinary members to participate in thinking and deciding in one of the monitoring committees. In addition, the Works Council uses relevant specific knowledge from colleagues. This allows all of our employees, managers and the EC to be involved in all requests for consent and advice.

Requests for advice

Hybrid working has been introduced in the Works Council as well. From September 2022, more meetings were planned at the office, with at least the consultation meeting (Works Council together with the directors) taking place live at the office in Zeist. In 2022, the Works Council received a number of requests for advice, including on the future asset management chain, the organisational changes in the IT unit and the organisation of the learning platform for employees.

The Works Council has also been involved in the (re-)appointments of Supervisory Board members, in which the Works Council shares its position on the proposed (re-)appointments with the Supervisory Board and the Executive Board. It concerned the resignation of Micky Adriaansens in connection with her appointment as minister and the related appointment of the new Supervisory Board member Françoise Dings, the re-appointment of Marjanne Sint with effect from 1 April 2022 and the re-appointment of Henk Broeders with effect from 1 November 2022.

Plans for 2023

As for 2023, three important topics are on the agenda for the Works Council, for which three subgroups have been formed, in which each subgroup elaborates on and represents one topic. First, there are the elections for a new Works Council in the autumn of 2023. The first inventory has now started and this subject is being dealt with by the Ad Hoc Elections Committee. A second point is making an impact on the organisation. The main focus here is on possibilities for the Works Council to make itself more visible. The last point is the 'nice place to work', in which hybrid working and a safe workplace are the main topics.

Our remuneration policy

In order to achieve our ambitions, we must have the right people on board. People who are happy to contribute to our strategy and recognise themselves in our shared values. Our guiding principle is responsible remuneration, as this enables us to attract, retain and motivate the right employees. In doing so, we take into account what is going on in the labour market. At the same time, we are mindful of the interests of our clients and their social significance. We realise that we work with money that doesn't belong to us. That awareness makes us supportive. We want to provide the best service at competitive costs; our labour costs are an important part of that. We are aware of that.

New collective agreement

In the marketplace, the importance of learning, innovating and experimenting is increasing. Opportunities for development are important for attracting talent. The focus is increasingly on looking ahead. In 2022, we agreed on a new collective agreement with a term of two years. The PGGM General salary scales and the PGGM Back & Mid Office salary scales up to and including salary scale 8 were adjusted to the +5% median of the Financial Services reference market. As a consequence, the scale maximum of some salary scales was adjusted upward and the maximum of some salary scales adjusted downward. Appropriate transitional measures have been established in consultation with the trade unions.

Our collective agreement contains various schemes aimed at promoting employee health. Examples include the vitality leave for every employee from three years of employment and the generation scheme for older employees who want to work less on a structural basis. In addition, it is possible to purchase extra days' holiday, employees can work flexibly by using flexible hours and we offer various preventive help options, such as preventive consultation hours for occupational health issues, a meeting with the company counsellor, a consultation with the working conditions advisor, massages and physiotherapy.

Scarce and Critical allowance

In 2022 we used the Scarce and Critical Allowance scheme for the first time. This allowance replaces the Personal Market Allowance scheme. This scheme is intended to implement a flexible form of remuneration, in addition to the regular remuneration policy. 'Scarce positions' mean positions within a certain department that are difficult to fill externally, because there is a great demand for such positions on the labour market or because there are only very few workers or officers with the required expertise. 'Critical positions' are defined as positions within a certain department for which it is crucial that we can recruit and retain these in sufficient numbers, because they are vital in the execution of our core processes.

Variable pay, DVI and bonuses

Within PGGM we make limited use of the 'variable remuneration' instrument. Only within the front-office functions of the asset management chain do we use it as a regular remuneration tool, and then in two forms: a one-year variable remuneration and a deferred form of variable remuneration. The one-year variable remuneration is capped at 20% of the annual salary.

In addition to the one-year variable remuneration of up to 20%, there is the possibility of awarding deferred variable income (DVI) to a limited group of employees within the asset management chain. The SRI is a form of deferred variable 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. Also, no particulars may emerge after awarding of the DVI that could call the award into question. The total of the one-year variable remuneration plus 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 and be based on non-financial criteria for at least 50%. All variable compensation awarded last year is shown in the table below.

Variable remuneration paid out (x €1,000)

Distribution of variable remuneration by type	2022	2021
One-year variable remuneration in investment chain paid out *	5474	4892
Distributed deferred variable income	867	1351
Bonus paid out	355	754
Total variable remuneration paid out **	6696	6997

Number of beneficiaries		
Distribution of number of employees per variable remuneration paid out	2022	2021
One-year variable remuneration in investment chain	282	245
Deferred variable income	26	38
Bonus	118	233
Total number of beneficiaries	426	516

* Concerns one-year variable remuneration paid out relating to the previous financial year. Therefore, one-year variable remuneration paid out in 2022 relates to performance year 2021 and paid-out one-year variable remuneration 2021 relates to performance year 2020.

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

Cash on the nail

We consider recognition and appreciation important. We want to give these when an exceptional achievement has been made. In our remuneration policy, we can therefore reward exceptional performance in a way that motivates and suits the specific employee. This is a one-off reward. This is preferably in line with the needs of the specific employees and is therefore not by default a financial remuneration. The remuneration may consist of a bonus or a non-monetary reward, whichever the employer deems most appropriate.

In 2022, as in previous years, we paid this reward 'cash on the nail'. This means the employee or team is rewarded the moment they have delivered an exceptional performance and not just at a much later time (for example at the end of the year). The reward is therefore directly linked to the performance that has been delivered. In the case of a payment in euros, the bonus amounts to a maximum of one gross monthly salary per bonus. When awarding several bonuses in one calendar year, it must be ensured that the total variable remuneration does not exceed 20% of an employee's fixed annual income.

Internal pay ratios

We inform the Works Council annually about internal remuneration ratios. This is a summary of the average salary for each pay scale compared to the average salary of the EC. In line with the Corporate Governance Code (DCGC), we also present here the remuneration ratio within the organisation. The ratio of the highest-paid director (€539,330) to the median base salary based on the full-time salary of all employees (€72,065) was 7.5 over 2022. In 2021, this ratio was 7.4. This increase is mainly due to the fact that, in 2022, more employees joined with gross annual salaries below the median than employees with gross salaries above it.



How do we manage our organisation?

PGGM Coöperatie

PGGM Coöperatie U.A. (PGGM Coöperatie) was formed in 2007 by the social partners in the health and social sector care. 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, comprising 45 representatives of employers, employees and retirees from the sector, in addition to 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. The Cooperative Council consists of an independent chair and twelve representatives of the social partners who jointly founded the cooperative. The Cooperative Council, in its capacity as representative of the sole shareholder of PGGM N.V., accounts for the policy it pursues in the annual report of PGGM Coöperatie.

PGGM&CO

The members' organisation PGGM&CO has more than 765,000 members who work or have worked in health and social care. PGGM&CO helps everyone who works or has worked in health and social care to stay physically, mentally and financially fit. Based on continuous research, PGGM&CO, as a guide, offers them insight and details in the form of information, experiences, services, products and benefits, thereby enabling them to make fit choices. And PGGM&CO helps employers to support this, together with social partners, where possible. All this so that employees remain in balance and continue to enjoy working in a sound health and social care sector.

PGGM N.V.

PGGM N.V. (PGGM) is the administrative organisation. All shares in PGGM N.V. are held by PGGM Coöperatie. As PGGM, we work on behalf of our clients, the pension funds, employers and participants of our clients. Our core activity is pension administration. PGGM is established in the Netherlands and works for Dutch clients. PGGM invests actively worldwide. In doing so, PGGM applies the guidelines for Responsible Investment.

Supervisory Board

The Supervisory Board consists of six members and has two committees: the Audit, Risk and Compliance (ARC) Committee and the People and Organisation (P&O) Committee. The Supervisory Board oversees the operations of the Executive Board of PGGM N.V. and the general affairs of the company. The Supervisory Board also safeguards the expertise and responsibilities of the Executive Committee (EC). The Supervisory Board pays specific attention to the dynamics and relationship between the Executive Board and the EC. In addition to members of the Executive Board, EC members also attend Supervisory Board meetings if invited. The P&O Committee also holds annual meetings with EC members, in addition to members of the Executive Board. Finally, the Supervisory Board is directly involved in the suspension and dismissal of Executive Board members and, where appropriate, EC



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Executive Committee

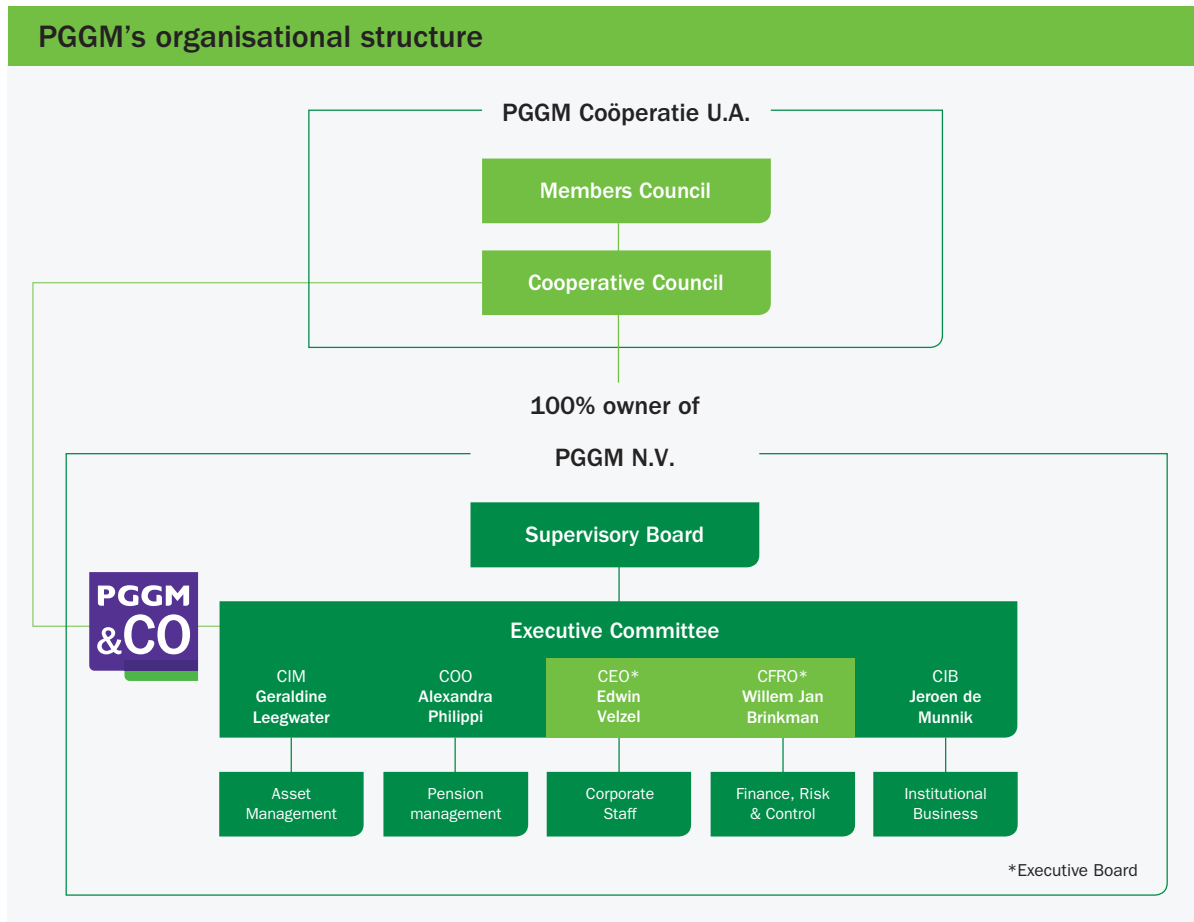
The EC is responsible for the day-to-day management of PGGM. The EC comprises five members, including two Executive Board members: the Chief Executive Officer (CEO) and the Chief Financial & Risk Officer (CFRO). In addition, the responsible officers from the business units in the areas of pension management (Chief Operations Officer (COO)), asset management (Chief Investment Management (CIM)) and institutional clients (Chief Institutional Business (CIB)) have seats on the EC.

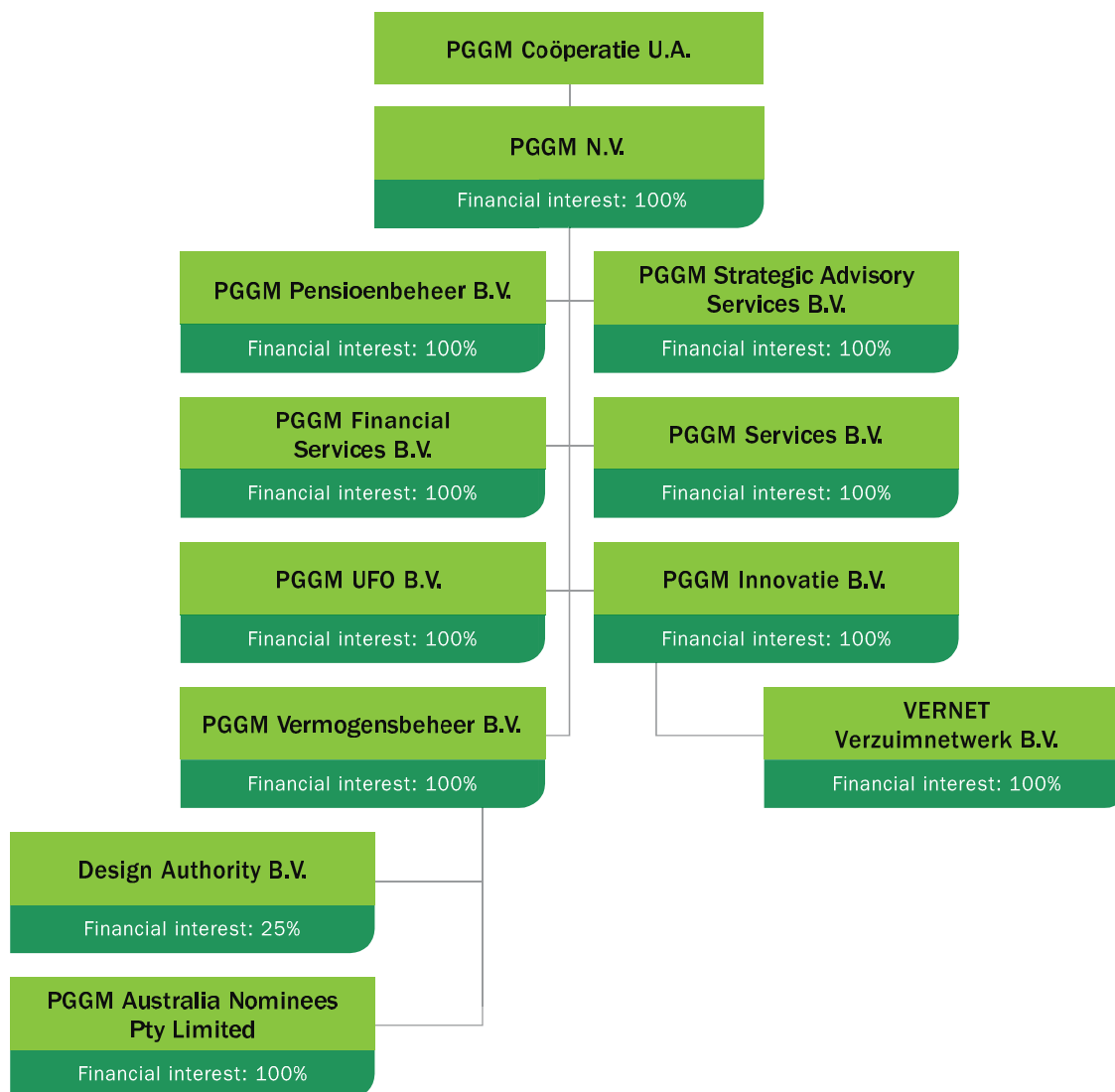
The Executive Board manages PGGM. The Executive Board can be called to account by both the shareholder and the Supervisory Board.

We opted for the EC model, because this brings PGGM's management and business operations together in a single team. PGGM's key positions are represented in the EC, while the client takes centre stage.

Group structure

The administrative organisation PGGM is a company subject to the structural regime and, as from 31 December 2022, the holding company for 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 Netherlands 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.





Tax entity within the group structure

PGGM forms a tax entity for corporate income tax with PGGM Coöperatie and the Dutch subsidiaries. Corporate income tax is levied by the tax entity at the level of the parent company PGGM Coöperatie. PGGM and all other subsidiaries included in the tax entity are jointly and severally liable for corporate income tax debts that arose in the period in which they form a tax entity.

PGGM and its Dutch subsidiaries form a tax entity for turnover tax purposes with PGGM Coöperatie and Stichting Pensioenfonds Zorg en Welzijn. On that basis, it is liable for the turnover tax debt of the entities belonging to the tax entity.

Group regime

In 2022, the group regime of Section 2:403 of the Dutch Civil Code will be applied to seven PGGM subsidiaries: PGGM Pensioenbeheer B.V., PGGM Strategic Advisory Services B.V., PGGM Financiële Services B.V., PGGM Services B.V., PGGM Innovatie B.V., VERNET verzuimnetwerk B.V. and PGGM UFO B.V. These entities only need to prepare summary financial statements, which need not be made public. They are also exempt from the obligation to draw up a Directors' Report and to have an audit carried out. In accordance with the legal requirements for applying the group regime, PGGM has made and filed a so-called 403 statement for these subsidiaries, in which PGGM has declared itself jointly and severally liable for the debts arising from legal acts of the subsidiaries.

Risk management

The importance of good risk management

Effective risk control and transparent and clear accounting on this are important components of our business operations. That is not just our opinion, but something our clients, supervisory authorities and, to an increasing extent, society find important.

Good risk management starts with a culture in which risks are taken consciously and well-considered. The significance of effective risk management must be recognised from the shop floor up to and including the EC and PGGM's Supervisory Board. Risk control must not just focus on procedural and system engineering measures (hard controls), but also on the culture and human factor in managing risks (soft controls).

At PGGM we have a permanent and integrated risk management process in which we discuss the risks and measures at various levels.

PGGM risk framework

We have developed the PGGM risk framework as a policy and structural measure for active risk management. This is done by providing insight into risks, taking action in response to risks, monitoring developments and reporting on those developments. This framework is based on the COSO Enterprise Risk Management framework (COSO ERM), accepted internationally as standard. The risk management process is a continuous improvement cycle in which we make daily, quarterly and annual measurements, evaluations and adjustments according to the PDCA cycle: Plan, Do, Check, Act.

Three lines model

We use the three-line model in which the business, i.e. the first line, has primary responsibility in terms of risk identification and risk management. In 2022, a separate first-line risk function was set up within Vermogensbeheer to support this process. At Pensioenbeheer, the separate first-line risk function was already set up 2021 and further developed in 2022.

Focus on first and second-line collaboration

The second line has an independent role. It draws up frameworks, monitors the application of and compliance with the risk management processes and challenges the first line. In 2022, the focus has been on, among other things, the way in which the first and second line work together.

Internal audit as a third line

As a third line, Internal Audit provides assurance on the control of business processes for all activities and units within PGGM. Internal Audit periodically evaluates the entire risk control framework (first and second-line risk control) and reports on the results to the Executive Board and the ARC. Resulting findings and recommendations incorporate first and second-line risk management into plans for the following year.

Three lines model

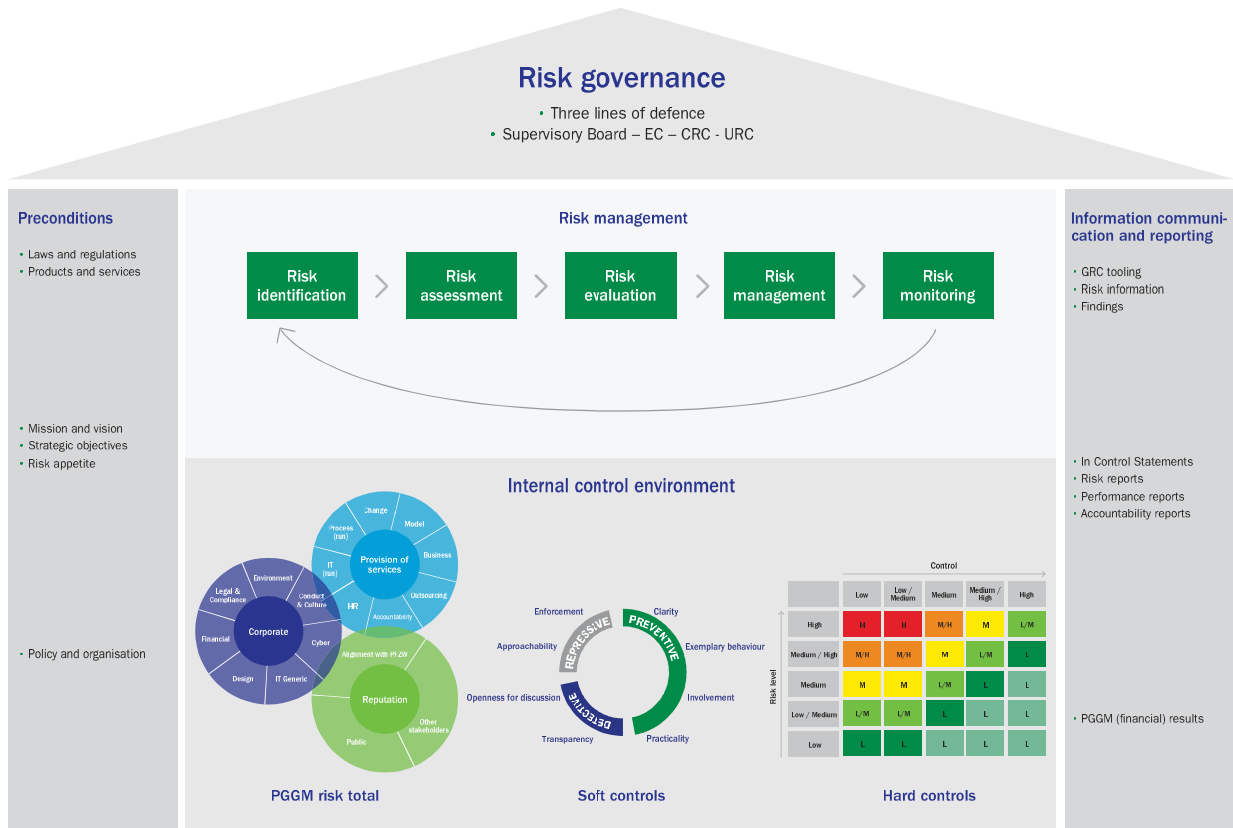


Risk identification, risk assessment, evaluation, control and monitoring

Periodically in the risk committees, and ad hoc if there is reason to do so, Enterprise Risk Management (ERM) challenges the organisation to determine whether all relevant risks have been identified. For each type of risk, control measures and risk indicators are determined that contribute to managing the risks within the set appetite. The explicit monitoring of internal control and compliance and of hard and soft controls was further expanded in 2022. At least once per quarter, ERM discusses the current risk profile with the unit boards, resulting in a risk assessment per risk. This is reported on in the quarterly risk report. Where necessary to move or remain within the risk appetite, actions are defined for additional risk management and these actions are monitored. Business continuity, business impact analyses, fall-back possibilities and crisis management manuals are also evaluated at least once a year, or more frequently if necessary.

PGGM Risk Framework

Each quarter, the business unit directors and the EC produce an In Control Statement (ICS) based on the quarterly risk report. The reports of the various business units are combined into a PGGM-wide risk report.



This is presented for discussion to the EC, the Audit, Compliance and Risk Committee (ARC) and the Supervisory Board as an integrated report with financial accounting. In addition, clients receive a client risk report containing a report on the PGGM risk report, supplemented with specific risk themes for the relevant client.

The main features of our management and control system in connection with our financial reporting process

Each year, we issue Standard Reports 3402 and 3000A to our clients about our process control.

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

Apart from a limitation in the assurance report of the independent auditor for Standard 3000A in asset management, PGGM received unqualified auditor's reports on the aforesaid reports for 2022.

The limitation relates to providing reports to one of our clients. In the fourth quarter of 2022, PGGM corrected the omissions in the reports and took measures to prevent a recurrence in the future. There is no material impact on the financial reporting of the relevant client. As regards IT and cyber security processes, we hold ISO certifications for IT service management, information security, business continuity and business quality.

In addition to control as described in Standard Reports 3402 and 3000A (formerly ISAE), we have various internal control frameworks in place in which we describe the IT General controls, IT application controls and business controls that apply to the other processes and applications. These are updated annually.

Quantifying risks and required capital

Within PGGM, the entity PGGM Vermogensbeheer B.V. (PGGM Vermogensbeheer) has the obligation to comply with the ICLAAP requirements of De Nederlandsche Bank N.V. (DNB) under the asset management licence. We use an annual ICLAAP 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. For 2022, DNB's conclusion is that the capital surcharge and liquidity position calculated by PGGM Vermogensbeheer are sufficient.

In order to be able to absorb the financial impact resulting from one or more risks, we have taken various additional measures independently of the requirements for PGGM Vermogensbeheer. First, we made agreements with our clients about 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. For impacts not covered by insurance, or financial impacts arising from other risks, we maintain equity. The specific guidelines for this are recorded in the Equity Policy. Where applicable, our liability to our client is limited. See page 76 for the role of equity in securing continuity.

We work with base-case and worst-case scenarios. Base-case scenarios provide insight into the degree of control present and where possible improvement measures are required. With regard to the worst-case scenarios, we aim to have a sufficient buffer to absorb the impact for as long as possible, without jeopardising business continuity. With respect to operational business continuity, appropriate measures have been taken. The adequacy of this was tested in, for example, the annual update of the worst-case scenarios.

Risk appetite

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 (RAS). This risk appetite constitutes the framework for risk management and decision making and contributes to an active and aware risk culture. The risks identified in the PGGM risk framework generally have a risk appetite of 'low'. A reasoned different risk appetite applies to specific risks. The figure below shows PGGM's risk appetite for 2022.

As regards the risks that lay above the risk appetite at the time of measurement, the EC formulated a plan to ensure that these risks were to be brought within the risk appetite within a reasonable period of time, generally one year.

Risk Appetite Statement 2022

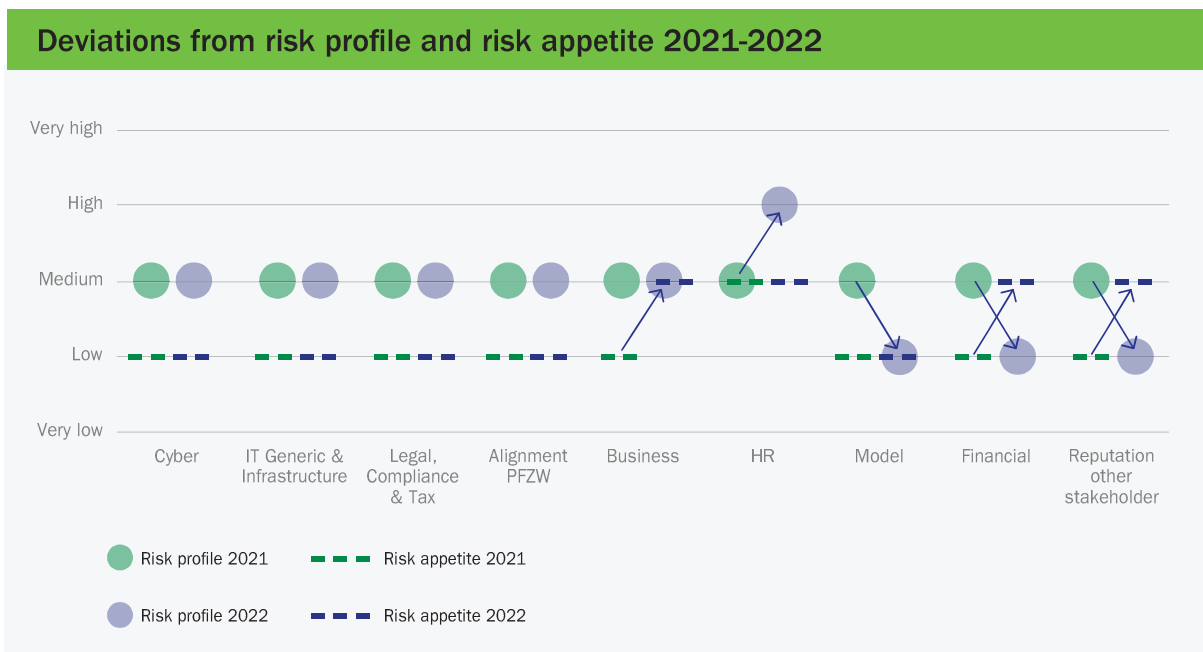
Service provision		Corporate		Reputation	
Risks associated with the provision of services and advice by PGGM to its clients		Risks associated with policies and PGGM as an organisation		Risks associated with what the environment and immediate stakeholders think of PGGM	
Alignment with PFZW	Alignment with PFZW Risk appetite: LOW No changes in risk appetite compared to 2021	Cyber	Cyber Risk appetite: LOW No changes in risk appetite compared to 2021	Reputation other stakeholders	Reputation other stakeholders Risk appetite: MEDIUM Risk appetite: change from Low to Medium. Given the impact of internal developments and the effects of the new pension system on participants, a higher risk profile is appropriate. Social developments also play a role in this.
Business	Business Risk appetite: MEDIUM Risk appetite: change from Low to Medium. The coming years will be characterised by a multitude of developments. In this context, business objectives may come under pressure, making increased business risks realistic and appropriate.	Financial	Financial Risk appetite: MEDIUM Risk appetite: change from Low to Medium. In the coming years, PGGM will invest in the development of new and additional services and in the optimisation of business operations, at its own expense and risk. These investments require a higher risk appetite with regard to financial housekeeping.	Public reputation	Public reputation Risk appetite: MEDIUM No changes in risk appetite compared to 2021
Change	Change Risk appetite: MEDIUM No changes in risk appetite compared to 2021	Conduct & Culture	Conduct & Culture Risk appetite: LOW No changes in risk appetite compared to 2021	Governance	Governance Risk appetite: LOW No changes in risk appetite compared to 2021
IT run	IT run Risk appetite: LOW No changes in risk appetite compared to 2021	Legal, Compliance & Tax	Legal, Compliance & Tax Risk appetite: LOW No changes in risk appetite compared to 2021	Environment	Environment Risk appetite: MEDIUM No changes in risk appetite compared to 2021
Process (run)	Process (run) Risk appetite: LOW No changes in risk appetite compared to 2021	IT Generic and Infrastructure	IT Generic and Infrastructure Risk appetite: LOW No changes in risk appetite compared to 2021		
		Outsourcing	Outsourcing Risk appetite: LOW No changes in risk appetite compared to 2021		
		Accountability	Accountability Risk appetite: LOW No changes in risk appetite compared to 2021		



Developments of the risk profile in 2022

At the end of 2022, the risk profile of five risk types is one step above the set risk appetite. Despite the defined actions to move within the risk appetite, we notice that risks are dynamic and place increasing demands on our organisation. For some risks, the situation to be pursued is more difficult to achieve. Examples of this are cyber risk and demonstrating compliance with laws and regulations. Controlling this requires more effort each year, with both requirements and risks for both areas increasing each year. Furthermore, due to internal and external developments, we see increasing pressure on reputational risk, which translates into a slight increase in that risk.

The figure below shows that in 2021, the risks pertaining to Business, Model, Financial and Reputation other stakeholders in 2021 were outside the set appetite and moved within it in 2022. In 2022, the HR risk moved outside the set appetite, as did Cyber, IT Generic and Infra, Legal & Compliance (including privacy and tax), Alignment PFZW at the end of 2022. The risk appetite with regard to the risks pertaining to Business, Financial and Reputation of other stakeholders was adjusted in 2022. Risks from the risk analysis not included in the figure do not show a change in risk appetite or risk profile compared to the previous year.



Main risks and uncertainties of 2022

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 2022.

War in Ukraine

The impact of the war in Ukraine on PGGM has been mapped out. Additional measures have been identified and actions initiated. For example, the impact of severe energy scarcity as a result of this conflict has been analysed and scenarios have been developed to limit the effects of this on business operations. With regard to Compliance, measures have been taken to ensure timely compliance with tightened sanctions legislation. In addition to the increased threat of generic risk types, such as cyber, due to an increased risk of cyber war and ransomware attacks, the specific risks and consequences of the Ukraine war were mapped out and assessed per business unit. Additional measures were taken where necessary.

COVID-19

In 2022, based on the experiences of previous years, we continued to manage business and personnel risks arising from COVID-19.

The impact of COVID-19 on business operations was less significant in 2022 than in 2021. The combination of a milder variant of the virus and the now flexible approach towards working from home and hybrid working are important reasons for this. Working from home was significantly more common in 2022 than before the COVID-19 pandemic. The effects on productivity turned out to be nil. Due to more people working from home, we do notice a decline in the bonding and involvement of employees with the company.

Human capital

Human capital is essential to our business operations. In 2022, as in previous years, our workforce was exposed to risks. An important new element in this respect is the shortage on the labour market and the extent to which we are able to position ourselves as an attractive employer. Although we remain fully able to attract employees, it remains difficult to recruit people for specific specialist positions. The well-being of our employees has our continuous attention. The results of the 2022 employee survey show that employee well-being has improved PGGM-wide.

New pension system

In 2021, we launched a programme to prepare PGGM for the new pension system. This process will continue unabated in 2022. With this programme, we consult closely with our clients during which we guide them on their path and in their choices to the new pension system. This ensures the developments proceed in good coordination. Our largest client PFZW has defined the solidarity contract and in-servicing as working hypotheses around the new pension system.

Scenarios are also taking shape with other clients. Based on this, we are sharpening our strategy in coordination with PFZW. The corporate risk profile has been modified accordingly. In 2022, we were even more involved in the design and implementation of this programme through Risk Management, supporting the programme management in the design and implementation of its risk control.

From impending cuts to indexation

In 2022 it was possible for pension funds to index pensions, the first time in a long time. New here was that our clients had the option of carrying out an interim indexation. This had an impact on operational performance with regard to IT and processes and the required communication to stakeholders. The preparations for the indexations to be carried out on the pension schemes led to a flawless indexation during the course of the year and again at the end of the year.

Service provision (Process and IT)

The complexity of the pension schemes that we administer increases the risk of errors. In the management of this risk, we focus on strengthening the systems and reducing complexity. With our current process and IT landscape, we are well prepared for the implementation of the new pension scheme. Partly for this reason, initiatives have been started for close collaboration with MN. Although the capacity to change will be under considerable pressure in the coming years, the risks are predictable and within our risk appetite.

Choices in legislation and deviating choices by our clients around the existing and new pension systems may pose a risk in the coming years, for example if this increases complexity.

Data management

Our business operations are largely based on data. The importance of good data quality and good data management is clear. In 2022, as in previous years, we paid considerable attention to improving data management within all units, both with regard to our own processes and those of our clients. In 2022, the design, existence and operation of data management will be largely demonstrable for critical data.

The correctness of data in our records is an important condition for sound pension administration. With the use of new data techniques, additional analyses of data quality were carried out in 2021. These analyses showed that additional checks are necessary for certain components. The design of these checks was developed in 2022, as was a careful approach towards their implementation. If it turns out that repair is necessary, the policy of our clients will be adhered to.

Cyber threat

The threat level around information security and (cyber) security continues to increase worldwide. The effectiveness of measures for ourselves and our stakeholders is a constant priority. In 2022, we implemented various additional measures to structurally strengthen security. Important steps have also been taken in further strengthening and testing contingency and recovery capacities.

Fraud risk

The fraud risk (the risk of deception or theft resulting in financial and/or reputational damage) is controlled by preventive and repressive checks. We have a low risk appetite for fraud and integrity incidents. We have a robust integrated Control Framework in place to protect us against such risks. Our Risk Framework is based on the COSO Enterprise Risk Management methodology, which is internationally accepted as the standard. In addition, we conduct a company-wide Systematic Integrity Risk Analysis (SIRA) each year. We identify and assess risks of fraud, including bribery and corruption. Fraud risk can arise from fraudulent acts by individuals inside or outside the company. In addition to all checks and balances, we continuously raise awareness of fraud risks among our employees (soft controls). Examples include education (e-learning), staff making a moral-ethical statement, staff signing the insider trading rules and having a whistleblowers' scheme in place. Within PGGM we have agreed that all our colleagues will confirm annually that they have read and understood the Code of Conduct.

The PGGM Incident Policy is part of the PGGM Risk Framework and is used to manage, monitor and report risks in a transparent and structured manner. (Suspected) malpractice, such as fraud, must be reported to the Risk and Compliance teams, in line with the Incident Policy. In the event of fraud, the Corporate Security Officer will be called in and PGGM's CFRO will be informed. Fraud is classified as a serious incident. If necessary, the CFRO will form a Task Force. The Task Force acts independently and impartially when conducting its inquiries and investigations. The CFRO chairs the Task Force and can involve other experts in addition to the Risk and Compliance teams.

Continuity risk

Continuity is a basic condition for a pension administrator such as PGGM. The continuity of the pension administrator guarantees the continuity of services to millions of participants. We have included in our continuity policy that we maintain sufficient own resources to be able to continue operations for at least a year in the event of a loss of income. We estimate the continuity risk for our company to be low. We aim to maintain sufficient equity to meet capital requirements:

- in compliance with legislation and regulations (and regulator requirements);
- to cover our working capital;
- to finance the business transformation / innovation; and
- to be able to compensate for unexpected (financial) risks.

Equity at year-end 2022 amounts to €259.9 million (2021: €250.8 million). As at 31 December 2022, our solvency is 72.0% (2021: 72.3%) and more than meets the capital requirements.

We do not rely on loans for further financing. We have funds outstanding with both banks and money market funds. As at 31 December 2022, the value of these resources amounts to €245.2 million (2021: €230.5 million). In 2022, we successfully renewed the contract with Schilders and StiPP for pension administration services, for several years. However, most of our turnover is accounted for by our client PFZW. We currently have a long-term contract with PFZW for the agreed services. In order to strengthen our partnership with PFZW, we explored a joint strategy in 2022, which will be made operational in the coming years. For 2023, we expect a slight increase in our turnover to approximately €349 million (2022: €340.3 million). In our long-term forecast too we expect to achieve positive financial margins. We are currently implementing new tooling to improve our insight into our long-term financial forecast and profitability.

The application of our Risk Framework ensures that the continuity risk is managed uniformly and as efficiently and effectively as possible. A number of risks that could have a significant potential impact on our equity and how we hedge these risks are explained below:

- We may receive potential claims for damages from our clients in the event of attributable errors in our services. We are insured for attributable errors subject to a maximum amount per year, in which our Investment service has a different maximum than our Pension Administration service. In addition, it has been contractually agreed with most clients that the amount to be paid out in the event of an attributable error is limited to the payment we receive from the insurer.

If the total of the amounts claimed exceeds the amount paid out by the insurer, the payment will be awarded pro rata.

- We aim for a positive margin in our client fee agreements. This positive margin has also been achieved at group level in recent years. The risk of client fee agreements leading to structurally loss-making business operations is mitigated by active contract negotiations.

Over a period of 12 months after signing this annual report, we do not expect any new relevant risks that will materially change the continuity outlook. For more information about how we keep our financial affairs in order (including the hedging of credit risks, interest rate risks, liquidity risks and market risks), we refer to our financial statements (see note 23. Risk Management).

Expectations for the risk profile in 2023 and beyond

The effects of the Ukraine crisis may increase in severity and scope in the coming year. Measures and scenarios have been developed in preparation. Where necessary, we will scale up our crisis management.

In 2023, the introduction of the new pension scheme, in combination with the path taken to further rationalise the pension administration and achieve increased scale, will continue to influence business operations, the change agenda and thus the risk profile. At Vermogensbeheer, in addition to more long-term-oriented programmes, such as Investment Policy 2025, processes are also planned for 2023, aimed at preparing the unit for the new contract forms in pensions.

In addition, all legal and regulatory requirements must continue to be demonstrably met and the rapid developments in cyber risk will continue to drive the agenda in 2023. In 2023, investments will continue unabated to bring the risk profile within the set risk appetite.

Compliance and integrity

Integrity is our licence to operate. Clients, society and other stakeholders expect us to promote a culture in which acting with integrity is important, including acting in accordance with applicable laws and regulations and (internal) standards of conduct. We pursue an active policy in this regard.

As a global asset manager for Dutch pension funds, we perform activities for which permits are required and which fall under national and international financial (market) supervision. Market supervision is carried out by national regulators such as the DNB, AFM, and the Dutch Data Protection Authority (AP). Because much of the legislation and regulation applicable to us is enacted at the European level, we also deal with international policymakers and regulators, such as the European Securities Markets Authority (ESMA) and the European Institutional and Occupational Pensions Authority (EIOPA).

In line with our core values, we promote an ethical business culture that safeguards employee compliance with laws and regulations. We aspire to a high level of maturity where the integrity of our organisation is concerned.

A key objective of Compliance is controlling the compliance and integrity risk at PGGM. 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: 'Impairment of the PGGM business model, its reputation and/or financial soundness or measures taken by authorities/regulators as a result of non-compliance or insufficient compliance with applicable laws and regulations or failure to meet (legitimate) expectations of its stakeholders such as clients, employees, regulators, shareholders and society as a whole.'

This objective is given shape through, among other things, the (co-)formulation of policy (framing), exercising supervision (monitoring, testing and reporting), advising management and employees on compliance aspects in (operational) activities and raising awareness among employees with regard to ethical behaviour, including compliance with rules (training and communication).

We are aware that culture and behavioural aspects play an important role in controlling risks. That is why we focus on so-called soft controls (factors that influence behaviour) in our advice, policy and monitoring tasks, in addition to hard controls (demonstrable measures in processes and systems).

Completed activities

Compliance ensures adherence to internal regulations pertaining to ethical conduct. The PGGM Code of Conduct and associated regulations, the PGGM Whistleblowers' Scheme, the PGGM Screening Policy and the PGGM Incidents Policy are examples of concrete regulations and standards implemented by PGGM with the aim of maintaining and promoting sound and controlled operations.

Compliance tests, among other things, various aspects of integrity based on the aforesaid regulations.

In 2022, no relevant incidents were reported to Compliance or have otherwise become known regarding integrity-related subjects. In 2022, no new incidents were reported to Compliance or have otherwise become known regarding demonstrable adherence to laws and regulations. An exception to this is a number of points from the previous Money Laundering and Terrorist Financing (Prevention) Act (Wwft) / Sanctions Act (Sw) project that was still outstanding in 2022. These points have been supplemented with findings from the DNB and AFM audits. In addition, the amount of new or changing legislation and regulations remains high, with the (operational) risk of late and/or incomplete implementation.

Furthermore, Compliance coordinates contacts with regulators. In addition to the annual DNB and AFM, the DNB conducted several thematic and specific audits in 2022, such as an in-depth audit into compliance with the Sanctions Act. We have concluded these in-depth audits without significant findings. However, a few shortcomings have been identified that have been addressed in the aforesaid Wwft/Sw project.

Whistleblowers' Scheme

PGGM implemented the PGGM Whistleblowers' Scheme some time ago now. This scheme contains a procedure for the (anonymous) reporting of (potential) malpractices and the handling thereof. The scheme also provides assurances for the protection of employees reporting these (potential) malpractices. The scheme applies to PGGM N.V. and all its subsidiaries.

The scheme was updated in 2022. With this update, the scheme has been brought into line with the most recent developments in the field of regulations and social developments.

Confidential advisors

PGGM employs two internal confidential advisors and one external, independent confidential adviser.

Corporate Governance Code

The DCGC 2016 only applies to Dutch listed companies. However, as a non-listed company, we endorse the principles and best practice provisions of this Corporate Governance Code and, as a fulfilment of good governance, we voluntarily apply the provisions of the code as much as possible.

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 to what extent and why.

Privacy

In an era in which (personal) data can be shared and saved increasingly easily, adequate protection is very important. In this context, PGGM fulfils two roles within the meaning of the General Data Protection Regulation (GDPR):

- As an employer and cooperative, we are controllers of personal data.
- And as a service provider to its institutional clients (pension funds) we are processors of personal data.

Under the GDPR, institutional clients are 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 employees the opportunity to make the right choices when necessary, in line with the importance that we attach to the protection of personal data.

Data Protection Officer

Given the large volume of personal data, including special personal data processed by PGGM, we believe it is necessary to fill this independent position. This ensures that privacy control is structurally guaranteed and there is a permanent point of contact for the external regulator, the Netherlands Authority for the Protection of Personal Data. The Data Protection Officer (DPO) is appointed by the Executive Board and is responsible for fulfilling their legal obligations under the GDPR. The most important duties of the data protection officer are monitoring compliance with the GDPR and giving advice independently.

At PGGM, we believe it is important to handle personal data with care, both that of our clients’ participants and our own employees. In 2022, we achieved this by, among other things:

- implementing a DPO monitoring plan, in which compliance with the GDPR obligations is tested;
- improving various processes;
- providing solicited and unsolicited advice to the organisation based on internal and external developments; and
- increasing privacy awareness by providing ongoing training to employees.

The monitoring plan permanently enables the DPO to perform their supervisory duties. In addition, creating awareness and providing solicited and unsolicited advice is necessary to remain compliant with the GDPR

Supervision

The DPO gives substance to monitoring compliance with the GDPR through a DPO monitoring plan. In this plan, various GDPR topics are periodically assessed and the effectiveness of policies and guidelines tested and improved, where necessary.

Data breaches

We facilitate the reporting of incidents and data breaches. We analyse and identify risks in business processes with the aim of implementing improvements through control measures.

We have a procedure in place to document and report data breaches in a timely manner, either internally or on behalf of the institutional clients that we serve. This way, we comply with the legal obligations for handling data breaches according to the General Data Protection Regulation. In addition, we implement measures to reduce the number of data breaches and to prevent recurrence of similar breaches. We do this, among other things, through awareness training and improving the quality of our participants' administration. This has resulted in a decrease in the number of data breaches in recent years.

Requests from data subjects

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

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 detailed explanation of our work in this context, see the chapter on Risk Management.

Conclusion

On the basis of the above-referenced activities, we believe that we can in all reasonableness state that the internal risk 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, 19 April 2023

The Executive Board of PGGM N.V.

Edwin Velzel

Willem Jan Brinkman

Report on the remuneration of the Executive Board

This report provides insight into the remuneration of the members of the Executive Board. We explain the remuneration policy for the Executive Board, discussing, among other things, the intention of the policy, its underlying principles and its adoption. The policy forms the framework for the remuneration package of each individual member of the Executive Board. The remuneration per individual member, and its determination, are also discussed.

Intention of the remuneration policy

At PGGM we operate a careful, controlled and sustainable remuneration policy that is appropriate to the strategy, risk appetite, its objectives and cooperative character. The remuneration policy focuses on customer interests and takes into account the long-term interests of PGGM and its clients and the laws and regulations governing remuneration.

We are a cooperative with a social agenda that strives to run a healthy financial business. We do this by ensuring an affordable, good and sustainable pension for our clients and their participants. We provide an excellent service, mass customisation, best-in-class asset management and good returns, in which the effects on people and the environment are focal points. We are aware of this social responsibility and act accordingly in our remuneration policy.

With our remuneration policy, we want to value the Executive Board in a way that is appropriate to their motivation, role and commitment. In doing so, we take into account developments in the labour market. In terms of policy and implementation, our remuneration policy is consistent with our culture and strategy. All of this leads to 'Responsible Remuneration'.

Principles of remuneration policy

The following three principles form the core of our group-wide remuneration policy and also apply to the remuneration policy for the Executive Board:

1. The remuneration policy enables us to implement our strategy in line with our identity.
2. The remuneration policy is responsible and in accordance with the labour market.
3. The remuneration policy focuses on personal development and growth with attention to performance appropriate to the context of the work.

In addition, the following preconditions for the remuneration of our directors are important:

- The remuneration policy complies with laws and regulations and the DCGC best-practice provisions.
- The remuneration policy is controlled (must not encourage short-termist or high-risk behaviour).

Adoption of remuneration policy for the Executive Board

The remuneration policy for the Executive Board is clear and understandable, focused on the long-term value creation of PGGM and the company associated with us. It also takes into account internal pay ratios within PGGM. The remuneration policy does not encourage members of the Executive Board in their own interests or to take risks that do not fit within the formulated strategy and risk appetite.

The objective of the remuneration policy is to attract, retain and motivate qualified members to the Executive Board.

A level of remuneration capable of attracting, retaining and motivating qualified members of the Executive Board is established gradually. First, the content of the job is determined, then the content is weighted using the Hay methodology. This leads to the determination of the Hay scale. It then determines what labour market is relevant with respect to the knowledge and experience necessary for the position. This market thus becomes the reference market for determining the level of remuneration by scale. The director's experience and competencies ultimately determine the appropriate remuneration within the defined limits based on job content and reference market.

Remuneration level of the Executive Board

We have chosen to base our remuneration for the Executive Board on the market for financial services in the Netherlands. The reason for this is that we see ourselves as a financial services company. As regards Executive Board positions, we aim to attract people from this particular market because of the desired experience and professional knowledge required for the work at PGGM. With that, comparable companies apply this reference market as well. The reference market is the same as the reference market applicable to our employees, with the exception of those working in the asset management chain.

At board level, taking into account PGGM's positioning and our cooperative nature, we deliberately choose to derive the maximum remuneration of the Executive Board from the p25 level in this market (base salary). In doing so, we include the remuneration levels of board members of our competitive colleagues. The market level in the reference market, the choice regarding the remuneration position in that market and the remuneration levels at our peers provide a policy reference. They are not automatically linked.

By choosing the above remuneration levels, our directors have a moderate and responsible remuneration level compared to the financial services market in the Netherlands. At the same time, we are able to attract, motivate and retain qualified directors for all positions.

Remuneration tools

The total remuneration package of the members of the Executive Board consists of a fixed salary, a pension scheme and social security contributions. The members of the Executive Board are not entitled to variable remuneration. There is no remuneration in the form of shares, options or other instruments.

Salary and annual salary adjustment

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 fixed salaries and other remuneration components are included in the financial statements.

We adjust the salary annually at the time of adoption of the collective agreement for our employees who fall under the PGGM general wage line. In 2022, the salary increased by 2.75% compared to 2021. Once every four years we test the level of income against the reference market and a correction takes place if necessary. This is subject to review. This last test was in 2020 and will therefore be repeated in 2024.

Our financial statements provide an overview of the remuneration of our Executive Board and our Supervisory Board under personnel expenses (note 14).

Adoption process of remuneration policy for the Executive Board

The P&O Committee of the Supervisory Board makes a clear and comprehensible proposal to the Supervisory Board regarding the remuneration policy to be adopted for the Executive Board.

In formulating the remuneration policy, at least the following aspects are considered:

- the objectives for the strategy to create long-term value;
- scenario analyses conducted in advance; and
- remuneration ratios within PGGM and the company associated with us.

The remuneration policy for the Executive Board is adopted by the general meeting of shareholders (AGM), upon proposal of the Supervisory Board. The P&O Committee makes a proposal to the Supervisory Board for this policy.

Adoption process of remuneration package for individual members of the Executive Board

The remuneration of the individual members of the Executive Board is adopted by the Supervisory Board, within the limits of the Executive Board remuneration policy as determined by the AGM. The Supervisory Board also adopts the further terms and conditions of employment for each individual member of the Executive Board.

The P&O Committee makes a proposal to the Supervisory Board regarding the remuneration of the individual members of the Executive Board. The proposal is prepared in accordance with the remuneration policy for the Executive Board. This proposal will in any event address the remuneration structure, the amount of the remuneration, the performance criteria and their application and, if there is reason to do so, making proposals to change or supplement the remuneration of individual members of the Executive Board. When formulating the remuneration proposal for individual directors, the P&O Committee takes note of the views of the individual members of the Executive Board regarding the level and structure of their own remuneration.

Remuneration framework of the Supervisory Board

Adoption of remuneration level

We have opted to base the remuneration for the Supervisory Board on the market for financial services in the Netherlands. The reason for this is that we see ourselves as a financial services company. As regards Supervisory Board positions, we aim to attract people from this particular market because of the desired experience and professional knowledge required for the work at PGGM. With that, comparable companies apply this reference market as well. The reference market also applies to our employees, with the exception of those working in the asset management chain.

At board level, taking into account PGGM's positioning and our cooperative nature, we deliberately choose to derive the maximum remuneration of the Supervisory Board from the p25 level in this market (base salary). In doing so, we include the remuneration levels of board members of our competitive colleagues. The market level in the reference market, the choice regarding the remuneration position in that market and the remuneration levels at our peers provide a policy reference. They are not automatically linked.

We deliberately opt to only pay a remuneration for membership of the Supervisory Board and not to work with an extra committee remuneration. This is because participating in a committee forms an integrated part of the duties of the Supervisory Board members. The chair of the Supervisory Board is paid a higher remuneration for Supervisory Board membership.

The remunerations are shown in the table below:

	01/01/2022	01/07/2022
Supervisory Board membership	EUR 30,584	EUR 31,425
Supervisory Board chair	EUR 37,500	EUR 38,531

Instruments

The Supervisory Board remuneration is paid in cash. The remuneration is not paid in shares or other instruments.

Annual remuneration adjustment

The remuneration is adjusted annually when the collective agreement has been adopted, in accordance with the percentage for the collective wage increase of our employees who fall under the PGGM general pay line. In addition, once every four years the level of remuneration is tested against the reference market, followed by a correction if necessary.

Report of our Supervisory Board

Report of the Supervisory Board

In this report, the Supervisory Board explains how it has fulfilled its supervisory and employer's role in the past year and how it has supported the Executive Board with advice. Also discussed are the most important substantive matters in which the Supervisory Board was involved this year.

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

The Supervisory Board monitors, questions and advises the Executive Board on a wide range of topics, including financial, compliance, risk, IT, HR and strategic issues. In 2022, the Supervisory Board regularly spoke with the Executive Board about the achievement of PGGM's objectives, the strategy and risks associated with the business activities, the design and operation of the internal risk management and control systems, the financial reporting process, compliance with legislation and regulations, cost development, the projects and change calendar and risk appetite. The Supervisory Board looks back on a year in which the focus was on a number of key issues: COVID-19 and hybrid working, the pension agreement, the collaboration with MN and the joint strategy development of PFZW and PGGM. First of all, the Supervisory Board looks back at a number of topics that have had a major impact in 2022 for PGGM employees and for the participants of PGGM's clients.

2022: Ukraine, energy and inflation

Early 2022, the world was brought up short by Russia's invasion of Ukraine. It is devastating for the people of Ukraine and, unfortunately, this conflict is far from over yet. The Executive Board has informed the Supervisory Board of the impact on the financial markets, exposures in PGGM's portfolio to Russia and Ukraine and the investment decisions that have been taken, an analysis of the non-financial risks and the humanitarian side of this crisis.

The war in Ukraine and Europe's dependence on Russian fossil energy further exposed the need for accelerating the energy transition. To this end, energy consumption must be quickly reduced first, partly by making homes more sustainable. The transition to sustainable energy must be accelerated as well. PGGM contributes to the energy transition through its investment choices and by making the investment portfolio more sustainable.

Prices for energy, fuel and groceries have risen sharply in recent months. After consulting the Works Council and the trade unions, the EC has decided to make a one-off payment to all employees as compensation for the higher cost of living. The Supervisory Board appreciates this gesture by PGGM.

COVID-19 and hybrid working

The hard lockdown measure announced in December 2021 was first relaxed in January 2022. Following the opening of primary and secondary education after the Christmas holidays, additional relaxations were implemented on 26 January 2022. The Supervisory Board was kept informed by the Executive Board of the current measures taken by PGGM in response to the COVID-19 government policy. After almost all measures were done away with at the end of March 2022, COVID-19 will play an ever increasingly smaller role in daily life. However, it has a lasting influence on the concept of 'work'. Initially, PGGM employees worked almost exclusively from home during the lockdowns. Hybrid working was started at PGGM in March 2022.

The Supervisory Board is kept informed about this on a regular basis. Being able to work together remotely has its advantages, such as increased levels of concentration, lower business accommodation costs and fewer CO₂ emissions due to fewer travel movements. The Supervisory Board has regularly consulted the Executive Board to talk about the importance of continuing to meet physically at the office to maintain an emotional bond with PGGM and to ensure the well-being and growth of younger colleagues in particular.

Although COVID-19 no longer affects many people's daily lives, the pressure on healthcare institutions remains high. This is partly due to the catch-up of non-COVID-19 care, which had fallen in arrears in recent years. In addition, many healthcare professionals suffer from long-term COVID-19 symptoms. The Supervisory Board expresses its great appreciation for the strong and long-term commitment of healthcare staff, the millions of participants of PFZW, PGGM's largest customer.

Joint strategy development PGGM and PFZW

The next ten years will see more change in the pension industry than the past forty years. This is due to changes in legislation and regulations, as well as new technological possibilities and changing customer demand from participants, employers and social partners. In 2022, PGGM prepared for the future with PFZW in a joint strategy process. At the end of 2022, PGGM and PFZW together presented a strategic vision. The Supervisory Board is pleased with the realisation and result of this joint strategic vision.

The Supervisory Board monitors the PGGM strategy and the way in which the Executive Board implements the strategy to achieve long-term value creation. The Supervisory Board regularly discusses the strategy, its implementation and the main associated risks. This is discussed in regular meetings, as well as outside of these, such as during in-depth sessions, where the Supervisory Board acts as a sounding board for the Executive Board. 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.

Pension management: new pension agreement

The Supervisory Board attaches great value to good, affordable and sustainable pensions for our clients and their participants and closely monitored developments in 2022 in relation to the pension system. The Dutch House of Representatives approved the Future Pensions Act (Wtp) on 22 December 2022, thereby opting for the introduction of the new pension system on 1 July 2023. Provided the Senate adopts the bill early in 2023, social partners and pension funds will have until 1 January 2027 to adjust their pension schemes.

We are preparing within PGGM and aim to be fully ready for the new pension scheme on 1 January 2026. The Supervisory Board closely follows PGGM's preparations and is regularly informed about the timeline, milestones and the way in which PGGM's business operations will be adjusted in order to continue to ensure excellent administration in the new pension scheme as well.

The programme is naturally linked to other change programmes within PGGM. The Supervisory Board found that PGGM is adequately preparing for this changing pension landscape and the future. The Supervisory Board is aware that the preparations are made within a context of uncertainty. In the new pension system, only the defined contribution scheme survives. This new system offers two variants, namely the solidarity contribution scheme and the flexible contribution scheme. The pension funds will eventually select one of the two schemes.

The new pension contracts are likely to be simpler, and as a result we expect a further automation of pension administration. This means that in the interest of the participant we can, and must, become more cost-efficient. A five-year plan has been drawn up to prepare Pensioenbeheer for the realisation of a future-proof organisation. Delta is the name for the programme that implements the first phase of the long-term pension management plan. The Delta Programme team will subject the whole of Pensioenbeheer to a critical review and investigate the possibilities for making operations more efficiently. These proposals for improvement focus on working smarter, automating, digitalising and robotising, allowing us to do the same work with fewer people. The Supervisory Board endorses the general path towards cost savings.

In addition to increased scale, there is a tendency to provide more personal advice to participants. The new pension contract offers more flexibility and thus requires more customisation. PGGM will develop relevant tools for this purpose. Finally, in the new contract it is expected that participants will have to make more choices, in which more support from the funds is needed. Within PGGM, this is given further substance through the increased use of existing front-end tooling and a more data-driven approach. All this requires additional investments. The Supervisory Board has regularly discussed the investment calendar for IT pension management and has included the need for additional investments in the decision-making of PGGM's Long-Term Plan, among other things.

Collaboration with MN

In the spring of 2021, PGGM and MN announced they will investigate the extent to which collaboration is possible. This starts with collaboration in the field of IT systems for pension administration and expands from there. At the end of 2021, it was decided to set up the technical and functional design of our pension administration system for use by MN. As soon as the set-up is complete in 2023, we will start the transition from the pension administration system currently used by MN to the PGGM pension administration system set up for MN.

This transition must be completed before 1 January 2024, after which MN will be given the opportunity to run its affiliated funds PMT and Koopvaardij live on the new pension administration system.

Asset Management

In an environment in which PGGM is a relevant player ready for the new pension contract, and in which efforts are being made to make investments more sustainable, increase relevance in the health and social care sector and prepare for future issues, PGGM Vermogensbeheer must also be agile in order to meet this major challenge. The Supervisory Board discussed PGGM's vision on investing with the Executive Board. Achieving an affordable, good and sustainable pension in the coming decades requires a new investment approach.

With sustainable value creation, Vermogensbeheer aims to focus on good financial returns through long-term value creation with a positive contribution to society and the environment.

With investments that generate financial returns, contribute to the major transitions in the world and have a visible impact on the issues that are important to the participant.

One of the important issues of our time is PGGM's investment choices. There are increasing ethical dilemmas for which PGGM will be held to account. One such example is that, from November 2021 to April 2022, PGGM was visited by climate activists from Christian Climate Action and Extinction Rebellion several times. They demanded from PFZW the sale of investments in oil and gas. The Supervisory Board endorses PFZW's decision of February 2022 to align its interests in fossil energy with the Paris Climate Agreement that was concluded in 2015.

Mid-2021, the PFZW Board decided to discontinue its investments in common account funds (FGRs). Some of PFZW's investments are currently still held in FGRs. This also includes investments of other PGGM clients. In its investment strategy, PGGM has chosen to focus on PFZW as a client. With this, we want to make Vermogensbeheer more agile and less complex as an organisation, in order to better respond to opportunities and threats in our environment.

Following PFZW's decision and in line with its own strategy, PGGM decided to part with the FGR structure and fiduciary services to non-PFZW clients. PGGM maintains an ongoing dialogue with these clients to discuss the best possible way to terminate the FGRs and transfer the fiduciary services. PGGM will then implement these transitions. The Executive Board has informed the Supervisory Board about the state of affairs at each meeting.

Health and social care

The tight labour market in the health and social care sector and the growing gap in care are societal issues of the coming decades. PGGM works using knowledge of data and financing issues from analysis to concrete solutions. PGGM is entering into closer partnerships in the sector, including with employers, to develop services that provide answers to (pension) issues and can have a positive effect on the attractiveness of working in the sector. Vernet is a subsidiary of PGGM and market leader in collecting and interpreting absenteeism data in the health and social care sector. Employers in the health and social care sector thereby gain insight into the deployability of employees, which they can use to optimise their own personnel planning. This fits in perfectly with the ambition of PGGM to make a concrete contribution to a vital health and social care sector together with PFZW. The Supervisory Board is pleased to note that with these additional services PGGM can contribute to job satisfaction in the sector, attractive employment practices and thus the future sustainability of the health and social care sector.

The Supervisory Board as employer

The Supervisory Board evaluates the performance of members of the Board at least annually, including 2022. The Supervisory Board follows a structured approach to evaluating the performance of the members of the Executive Board. This involves the use of an annual 360-degree feedback method to gain insight into the development points of the Executive Board member in question. This in order to further objectify the assessment process. The Supervisory Board also supervises the Executive Board policy relating to the selection criteria and appointment procedure for members of the EC. In 2022, there were no (re-)appointments on the Executive Board or the EC. The employer's role further includes supervising the staffing of top management at PGGM and the structure of the internal remuneration structure. Ensuring that succession planning runs smoothly is one of the Supervisory Board's important tasks.

For example, the succession plan for the Executive Board is discussed annually. And although the Executive Board is responsible for the succession planning policy for PGGM's top management, the Supervisory Board supervises this process, while the planning is discussed annually with the Executive Board.

The Supervisory Board is advised by the People and Organisation Committee (P&O) on matters including the preparation of decision-making on the composition and (re-)appointment of members of the Executive Board and the remuneration of members of the Executive Board and PGGM's remuneration policy. The P&O Committee section of this chapter discusses the (preparatory) activities of the committee in more detail.

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. When deciding on the appointment and reappointment of supervisory directors, we make use of the Supervisory Board profile, the succession plan and the Supervisory Board competency matrix. On 10 January 2022, Supervisory Board member Micky Adriaansens was sworn in as minister and therefore resigned her position as a member of the Supervisory Board of PGGM N.V. on 6 January 2022. The Supervisory Board is extremely grateful to Micky Adriaansens for her great dedication and commitment to the Supervisory Board and to PGGM N.V. in the broadest sense, over the past years. As this vacancy was waiting to be filled, the percentage of women on the Supervisory Board was temporarily 20%. On 1 April 2022, the shareholder re-appointed Marjanne Sint for a second term until 31 March 2026. In the spring, the general meeting appointed Françoise Dings for a period of four years (until 11 May 2026), starting 12 May 2022. She succeeds Micky Adriaansens. After this appointment, the percentage of women on the Supervisory Board is (again) 33%. Henk Broeders' first term of appointment ended on 31 October 2022. On 16 September 2022, the shareholder re-appointed Henk Broeders for a period of 4 years, until 31 October 2026. Eric de Macker's second and final term of office will end on 1 October 2023 and therefore a vacancy will arise on the Supervisory Board. The recruitment of a successor started in early 2023.

This chapter describes the composition of the Supervisory Board. The CVs of the Supervisory Board members and the rotation schedule are set out on pages 167 and 168 of this report respectively. See www.pggm.nl for a profile of the Supervisory Board.

Ancillary positions and conflicting interests

The Compliance department assesses the intended ancillary positions of all supervisory directors in terms of an (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 an (appearance of a) conflict of interest, the portfolio of ancillary positions of each supervisory director is assessed according to the Administration and Supervision Act against the regulations relating to limiting the number of supervisory roles. A member of the Executive Board must obtain the prior approval of the Supervisory Board for each ancillary position that he or she accepts while a member of the Executive Board.

The Supervisory Board will grant permission provided there is no conflict of interest and provided the time commitment of the ancillary position is such that it does not impede the performance of the management function.

No transactions took place in which potential conflicts of interest of material significance or the relevant directors, supervisory directors, shareholders and/or the external au

Review of our own performance

At the beginning of 2022, the Supervisory Board reviewed its own performance. In response to this, the Supervisory Board wondered whether, in view of the far-reaching changes that will take place within the environment of PGGM in the coming years, the advisory role of the Supervisory Board should be deepened further. The Supervisory Board also indicated that it would like to hear what the needs of the Executive Board are in this regard. In the autumn of 2022, this discussion between the Supervisory Board and the Executive Board about a more effective implementation of the advisory role and as such an increase in the added value of the Supervisory Board was held with an external facilitator. The satisfaction of those present with the interim Supervisory Board meetings was discussed; these meetings are used to exchange views on strategic and current themes in an open dialogue between the Supervisory Board and the Executive Board at a stage prior to final decision-making. The various instruments that can be used by the Supervisory Board to fulfil its advisory role were discussed as well.

At the end of 2022, in accordance with the Corporate Governance Code, the Supervisory Board evaluated its functioning under the supervision of an external party. The overall opinion of the Supervisory Board is positive, both with regard to the open collaboration with the Board of PGGM and with regard to the mutual collaboration within the Supervisory Board. The agreement resulting from the 2021 self-assessment to devote 'interim' meetings to strategic topics between the 'regular' Supervisory Board meetings via Teams is, in the opinion of everyone (both the Supervisory Board and the Executive Board), of added value, especially given the phase which PGGM finds itself in. The preparations for the new pension scheme, alignment of the strategy process with PFZW, the discussions about collaboration with MN in the field of pension management and the consequences these developments have for PGGM as an organisation were all discussed in detail, during which the Supervisory Board has had the opportunity to fulfil its advisory role. However, the Supervisory Board does note in its evaluation that the time involved is considerable, not only due to the physical and digital (committee) meetings of the Supervisory Board itself, but particularly also because of the meetings with the various stakeholders around PGGM, as deemed necessary by the Supervisory Board.

Lifelong learning

The Supervisory Board takes the view that lifelong learning adds substantial value to the performance of the Board. The Board therefore has its own training plan. In-depth discussion of subjects took place around the regular meetings. In 2022, a number of topics were explored in depth, including equity policy, cybercrime, the new pension agreement and PGGM's preparations for this, as well as pension technology. A session was also held with the Executive Board on 'decision-making in a complex environment of extreme uncertainty'.

In 2022, several supervisory directors paid a half-day visit to PGGM's Customer Contact Organisation (CCO) to gain a better understanding of the participants' customer journey. The employees in the CCO department answer questions from participants that come in through various channels.

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, developments in the pension system and relevant development in laws and regulations.

Attendance at Supervisory Board meetings

In 2022, the Supervisory Board held five regular meetings (during which it passed resolutions). Members of the Executive Board attended these 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 and between the Executive Board and the EC is perceived as good and transparent.

In addition, the Supervisory Board held in-depth meetings, during which subjects such as the (intention to) collaborate with MN, the consequences of PFZW's decision to terminate its investments in FGRs, the Ukraine crisis and the strategy of PGGM towards 2030 were discussed.

Composition of Supervisory Board and committees and attendance rates for regular meetings of relevant members

	Supervisory Board – regular (decision-making)	Supervisory Board – interim (informative/in-depth)	Audit, Compliance and Risk Committee (ARC)	People & Organisation (P&O) Committee
Number of meetings	5	4	6	4
Marjanne Sint	100% (Chair)	100%		100%
Henk Broeders	100% (Vice Chair)	100%	100%	
Doede Vierstra	100%	100%	100% (Chair)	
Number of beneficiaries	100%	100%		100% (Chair)
Eric de Macker	100%	100%		
Jan van Rutte	100%	100%	100%	
Françoise Dings	67% (member of the Supervisory Board with effect from 12 May 2022)*)	100% (member with effect from 12 May 2022)		100% (member of the Supervisory Board with effect from 12 May 2022)

*) Of the three regular Supervisory Board meetings held after 12 May 2022, Françoise Dings missed one due to a study trip that was already planned prior to her appointment as a member of the Supervisory Board.

Subjects of regular meetings in 2022

Fixed agenda items at every regular meeting include PGGM's strategy, developments in the environment, the business operations, the status regarding our clients, the capacity for innovation and change, pension administration and asset management services.

In addition to the annual discussion and approval of the Directors' Report, the financial results and the main 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. In order to further shape the advisory role of the Supervisory Board, the Supervisory Board again held six interim (informal) meetings in 2022 to discuss current issues in depth.

In 2022, the Supervisory Board discussed the target figures with the Executive Board in response to the Gender Balance Act for EC and the Supervisory Board and established that the target figures of at least 33.33% male and at least 33.33% female for 2022 had been achieved. The Supervisory Board consists of six seats, two of which are held by women; in 2022, one vacancy became available on the Supervisory Board and this was filled by a woman. In the EC, 40% are women. 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 inclusion and diversity. A Diversity Board has also been appointed within PGGM to track progress in the departments and PGGM but also to challenge each other with respect on diversity and inclusion within the departments.

The Supervisory Board held periodic discussions with the Executive Board on the new pension agreement, its significance for PGGM's business operations and the innovations that could be developed for the future. PGGM's culture and leadership also play a major role in making the organisation more efficient and flexible.

In 2022, as in previous years, the Supervisory Board spoke with the Executive Board about tax dilemmas and tax policy. The Supervisory Board is periodically informed about the various aspects at play in Vermogensbeheer, Pensioenbeheer, Institutional Business and IT.

The Supervisory Board also receives information periodically on developments in the investment market. This ensures that the Board has timely insight into relevant developments that could impact 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 the investment strategy, such as the internal or external management of asset management mandates. Another important aspect that is discussed in the Supervisory Board is the requirements and conditions that are necessary to create value as a long-term investor, both financially and socially.

In 2021, the modified Own Funds Policy was formed for PGGM. The Supervisory Board discussed this with the Executive Board and adopted the policy on the advice of the ARC. The new policy fulfils the goal of ensuring (financial) business risks, stable compensation, continuity and an investment policy aimed at continuity and high-quality operations. PGGM determined its intended funding capital using this method for the first time in 2022.

Committees of the Supervisory Board

The Supervisory Board has formed two preparatory committees from among its members: the Audit, Risk and Compliance Committee (hereinafter: ARC) and the P&O Committee.

ARC

The ARC supports the Supervisory Board in its supervision of the activities of the board in (among other things) the area of quality of financial reporting, internal risk management, risk policy and risk management. The ARC consists of Doede Vierstra (chair), Henk Broeders and Jan van Rutte.

The duties of the ARC include advising and preparing the decision-making of the Supervisory Board and supervising and monitoring (in advance or otherwise) the Executive Board with regard to the integrity and quality of financial reporting and the effectiveness of PGGM's internal risk management and control systems, including supervising compliance with relevant legislation and regulations and the operation of the PGGM Code of Conduct (including insider trading rules).

The ARC met six times in 2022. The regular meetings were attended by the CFRO, the Internal Audit Director and the external auditor. The Finance & Control Director and the Risk & Compliance Director were present during the discussions of the quarterly reports. The ARC assessed, among other things, the effectiveness of the internal and external audit process, the functioning of the internal auditor, the functioning of the Internal Audit department and the instruction to the external auditor in closed meetings.

The committee has discussed the findings of the regular performance reports (including risk and compliance) and the audit reports. These findings include the effectiveness of internal risk management and control systems and findings and observations that have a material impact on the risk profile of PGGM and its affiliated company. The ARC monitored the actions on various findings, including compliance with laws and regulations. Important steps have been taken to further improve the management of relevant processes (relevant to the financial statements and the administrative organisation itself). The ARC has requested the Executive Board to resolve audit findings in a timely manner and as a matter of urgency. Various actions have been taken in 2022 to realise this.

Participants, employers, pension funds and PGGM must be able to rely on the fact that the data used within the PGGM organisation is reliable. To be able to guarantee this, it is important that data management in the organisation is set up and operational. The ARC has become acquainted with Internal Audit's investigation into the setup, existence and operation of the data management process within the various departments. Furthermore, the ARC has been informed of the limitation received in the independent auditor's assurance report for Standard 3000A in asset management, which relates to the provision of reports to one of our clients.

The ARC devotes attention to PGGM's risk profile in relation to the risk appetite. Each year, the ARC discusses the risk appetite determined by the EC and advises the Supervisory Board on the approval of this. External factors such as the shortage on the labour market and changes in the pension landscape have a major impact on PGGM's operations. Internal aspects include risks related to the desired transition of the organisation, IT risks (infrastructure and security) and HR risk in general. PGGM's services are data are IT-driven to a significant extent, which is why PGGM has increased exposure to IT and cyber risks. This was discussed regularly and extensively in the ARC, twice in the presence of the chief information officer.

In 2021, the modified Own Funds Policy was formed for PGGM. The ARC discussed this with the Executive Board and advised the Supervisory Board to adopt the policy. The new policy fulfils the goal of ensuring (financial) business risks, stable compensation, continuity and an investment policy aimed at continuity and high-quality operations. PGGM determined its intended funding capital using this method for the first time in 2022.

The Supervisory Board receives the ARC's reports and meeting documents. At the meetings of the Supervisory Board, the ARC chair provides verbal feedback on the discussions within the ARC. Members of the Supervisory Board, not being members of the ARC, have a standing invitation to attend the meetings. In 2022, in addition to the meetings, the CFRO and the ARC chair continued to have regular contact on current issues and whilst preparing for the meetings.

P&O Committee

The P&O Committee consists of Eric de Macker (chair), Marjanne Sint and (with effect from 12 May 2022) Françoise Dings.

The P&O Committee held five regular meetings in 2022. 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. This is being fleshed out within the P&O Committee.

The P&O Committee supports the Supervisory Board in, for example, preparing the decision-making on the composition and (re-)appointment of members of the Executive Board and the remuneration of members of the Executive Board and PGGM's remuneration policy.

The P&O Committee's duties further include supervising the strategic HR policy aimed at ensuring PGGM's continuity, the adequacy of staffing in relation to PGGM's strategic course, as well as supervising and advising on activities relating to subjects such as the diversity policy and organisational culture, talent management & development, job mobility, employee development, working conditions, the results of the employee survey and the quality of employee participation.

The P&O Committee requested input from the other members of the Supervisory Board as part of the 2021 assessment of the members of the Executive Board. Throughout the year, members of the Supervisory Board also regularly consult the various stakeholders, including (representatives of) the Works Council and the Cooperative Council. Based on the observations of the members of the Supervisory Board, the P&O Committee is able to form a reliable picture of the performance of the members of the Executive Board. In addition, an annual 360-degree feedback method is used to gain insight into the development points of the Executive Board member in question. This in order to further objectify the assessment process. The committee subsequently advised the Supervisory Board on the assessment of the members of the Executive Board for 2022 and the remuneration of the individual members of the Executive Board. There was also a reflection on the outcomes of the review of the 30 directors of PGGM. Based on the outcomes of the review, the quality and potential of the 30 directors within PGGM were discussed, also in the light of succession and forward planning. The CEO and the P&O Director attended the P&O Committee to provide an update on the progress.

In 2022, the Supervisory Board drew up a Remuneration Report (for 2021) for the first time, thereby rendering transparent account for the implementation of the remuneration policy. This was discussed by the P&O Committee in early 2022 and fed back to the entire Supervisory Board. The remuneration report has been published on the corporate website. A remuneration report will be published for 2022 as well.

Having a P&O strategy in place plays a fundamental role in achieving PGGM's strategy and business objectives. After all, P&O focuses on the development of the organisation, the changes therein and on the transition. The P&O Committee has exchanged views on this with the Executive Board and the P&O Director, partly in light of the development of PGGM's new strategy.

Due to the shortage on the labour market, some vacancies take longer to fill, especially specialist positions. Last year PGGM made real progress in the field of recruitment.

Developments in the labour market, recruitment and PGGM's labour market proposition received a lot of attention within PGGM in the past year and will continue to receive special attention from the P&O Committee in 2023.

In the first quarter of 2022, one of the last major elements of the new PGGM remuneration policy was finalised with the conclusion of the 2022-2023 collective agreement. This means that the remuneration policy for all groups within PGGM is up-to-date, with the exception of the directors. The remuneration policy update for directors is planned for the first quarter of 2023. In the current tight labour market, monitoring our remuneration policy and the targeted use of our remuneration instruments is vital.

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. The P&O Committee carries out preparatory work and advises the Supervisory Board on this. Internal Audit conducts a central and independent internal assessment each year to test the controlled remuneration policy for compliance with procedures.

Based on this information, the P&O Committee concluded that the implementation of the new remuneration policy is behind schedule. The P&O department adopted the findings and implemented these before the end of 2022.

In accordance with the provisions of the regulations of the Supervisory Board and the P&O Committee, the P&O Committee's duties include drawing up selection criteria and (re-)appointment procedures for members of the Supervisory Board. The P&O Committee advised the Supervisory Board on the re-appointment of Marjanne Sint (with effect from 1 April 2022), the appointment of Françoise Dings (with effect from 12 May 2022), the re-appointment of Henk Broeders (with effect from 1 November 2022) and the vacancy arising on the Supervisory Board on 1 October 2023 due to Eric de Macker completing his second and final term of office.

PGGM started hybrid working in early March 2022. To make hybrid working a success within PGGM, it has been decided to enter a learning curve period. Throughout the year, the P&O Committee was informed about how employees experienced hybrid working and what improvements were being made. In that period, new insights emerged about hybrid working.

One important insight is that in order to achieve effective collaboration, employees must contribute to solidarity and enable each other to grow. This requires physical collaboration and meeting each other (on a regular basis). The hybrid working policy will be reviewed in 2023.

The Supervisory Board receives the P&O's reports and meeting documents. At the meetings of the Supervisory Board, the committee chair provides verbal feedback on the discussions. Members of the Supervisory Board, not being members of the M&O Committee, have a standing invitation to attend the meetings.

Relationship with stakeholders

Besides the regular meetings of the Supervisory Boards and committees, the chair and other members of the Supervisory Board and the Executive Board maintained frequent contact as well.

Supervisory Board members also met the other members of the EC, the Works Council, employees, management and stakeholders within and outside PGGM a few times, to get an idea of the concerns of the various populations, forums, stakeholders and clients (pension funds) of PGGM.

To gain a better understanding of the issues at play within PFZW, meetings are held twice a year between the chairs of the Supervisory Board, the Executive Board, the Supervisory Board of PFZW, the Board of PFZW, the Executive Office of PFZW and the Cooperative Council. These consultations focus on joint current issues, developments and strategy. Furthermore, a delegation from the Supervisory Board conducts a stakeholder meeting with the Board of PFZW twice a year.

Relationships 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 thereof, on developments at PGGM. In 2022, the boards of PFZW, the PGGM Coöperatie and the Supervisory Board met twice in what is known as the ONE Agenda Consultation. The themes of the meetings were 'well-being' and 'vitality'. The Supervisory Board was present in its entirety. 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 health and social care sector.

The availability and use of data (within statutory limits) also offer possibilities for providing products and services for (vitality within) the health and social care sector. It's important to maintain a dialogue with employers, employees and social partners.

Relationships with the Works Council

Both the Supervisory Board and the Works Council consider it important to maintain good mutual contact 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 commissioner, appointed on the recommendation of the Works Council (Eric de Macker), meets informally with the Works Council several times a 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 spring of 2022, the annual 3-board consultation, between the Works Council, Supervisory Board and the EC took place. This year's theme was 'Undesirable behaviour'.

Relationships with the external auditors

The Supervisory Board and the ARC regard the collaboration with the external auditors of PricewaterhouseCoopers Accountants N.V. as positive. The 2022 financial statements were subjected to a process-oriented and internal controls-oriented approach. The quality of the reports issued is good. The external auditor attends the meetings of the ARC and the meeting of the Supervisory Board in which the financial statements are discussed. The input of the external auditors during these meetings and the sharing of initial observations is regarded as positive.

Relationships with Internal Audit

Once a year, the ARC assesses the performance of the Internal Audit Director and the role and performance of the Internal Audit department. The image of the department is positive. The department and Internal Audit Director's relationship with the external auditors is good.

The Internal Audit Director attends the meetings of the ARC. The annual audit plan and the audit reports provide the Supervisory Board with a good insight into the business activities and processes.

Proposal to the general meeting of PGGM (PGGM Coöperatie)

In accordance with the provisions of PGGM's articles of association and regulations, the Supervisory Board discussed the financial statements, approved PGGM's 2022 financial statements and the Supervisory Board report and remuneration report included therein and, following advice from the Audit Committee to that effect, resolved to have the members of the Supervisory Board (co)sign the financial statements. The Supervisory Board discussed these documents with the Executive Board, the Internal Audit department and the external auditor (PricewaterhouseCoopers Accountants N.V.) and took note of the unqualified audit opinion of PricewaterhouseCoopers Accountants N.V. on PGGM's 2022 financial statements. The Supervisory Board proposes that the general meeting adopt PGGM's 2022 financial statements and discharge the members of the Executive Board in office during the financial year for the policy conducted during the reporting year as shown in the financial statements. Furthermore, the Supervisory Board requests the general meeting to discharge the members of the Supervisory Board in office during the financial year from liability for their supervision.

Conclusion

The Supervisory Board extends warm gratitude to the employees of PGGM for their efforts and involvement during the 2022 reporting year. In a challenging year, employees once again showed dedication and flexibility.

Zeist, 19 April 2023

Marjanne Sint, Chair

Eric de Macker

Henk Broeders, Vice Chair

Jan van Rutte

Françoise Dings

Doede Vierstra

Financial statements

Consolidated balance sheet at 31 December 2022

before profit appropriation
(amounts in thousands of euros)

	Ref	31 December 2022	31 December 2021
Assets			
Non-current assets			
Intangible fixed assets	3	2,455	3,221
Tangible fixed assets	4	59,857	61,591
Financial fixed assets	5	17,415	19,121
Total fixed assets		79,727	83,933
Current assets			
Receivables	6	36,517	32,508
Securities	7	110,179	94,388
Cash and cash equivalents	8	134,983	136,156
Total current assets		281,679	263,052
Total assets		361,406	346,985
Liabilities			
Equity			
Paid and called-up capital	9	200	200
Share premium reserve		158,712	158,712
Statutory reserve		362	243
Other reserves		91,492	70,743
Undistributed result		9,017	20,868
Total equity		259,783	250,766
Provisions			
Provisions	10	27,066	25,559
Total provisions		27,066	25,559
Current liabilities			
Current liabilities	11	74,557	70,660
Total current liabilities		74,557	70,660
Total liabilities		361,406	346,985



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Consolidated profit and loss account for 2022

(amounts in thousands of euros)

	Ref	2022	2021
Management fees	13	338,841	335,328
Other operating income	13	1,520	1,373
Total operating income		340,361	336,701
Personnel expenses	14	188,314	184,367
Costs of outsourced work and other external costs	15	63,546	53,989
Amortisation and depreciation of non-current assets	16	6,019	13,295
Other operating expenses	17	69,380	61,522
Total operating expenses		327,259	313,173
Operating result		13,102	23,528
Financial income	18	9	5,453
Financial expenses	18	-343	-1,334
Result before taxes		12,768	27,647
Taxes	19	-3,492	-6,863
Result of participating interests	5	-259	84
Result after taxes		9,017	20,868

Consolidated cash flow statement for 2022

(amounts in thousands of euros)

	Ref	2022	2021
Cash flow from operating activities			
Operating result		13,102	23,528
Adjustments for:			
Amortisation, depreciation and impairments	3, 4, 16	6,019	13,295
Movements in intangible fixed assets and tangible fixed assets	3, 4	-100	1,706
Movements in financial fixed assets	5	1,847	2,337
Movements in securities	7	-15,791	-34,551
Movements in provisions	10	1,507	4,354
Movements in receivables	6	-4,009	8,448
Movements in current liabilities	11	405	-13,634
Movements in equity	9	0	-921
Cash flow from business operations		2,980	4,562
Financial income (sales of PPI)	18	9	5,453
Financial expenses	18	-343	-1,334
Corporate income tax paid		0	0
		-334	4,119
Total cash flow from operating activities		2,646	8,681
Cash flow from investing activities			
Investments in and acquisitions of:			
Intangible fixed assets	3	-121	-1,099
Tangible fixed assets	4	-3,298	-2,208
Participating interests	5	-400	-400
Disposal of:			
Tangible fixed assets	4	0	99
Total cash flow from investing activities		-3,819	-3,608
Cash flow from financing activities			
Cash flow from financing activities		0	0
Total cash flow from financing activities		0	0
Net cash flow		-1,173	5,073
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	8	136,156	131,083
Cash and cash equivalents at the end of the period	8	134,983	136,156
Change in cash and cash equivalents		-1,173	



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Notes to the consolidated financial statements for 2022

1 General Notes

Information about PGGM N.V.

PGGM N.V. was founded on 20 July 2007, it has its registered office and principal place of business at Noordweg Noord 150 in Zeist, the Netherlands, and is registered in the Commercial Register under file reference number 30228472. All 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 cause performance of (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 cause performance of 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.

Applied standards

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.

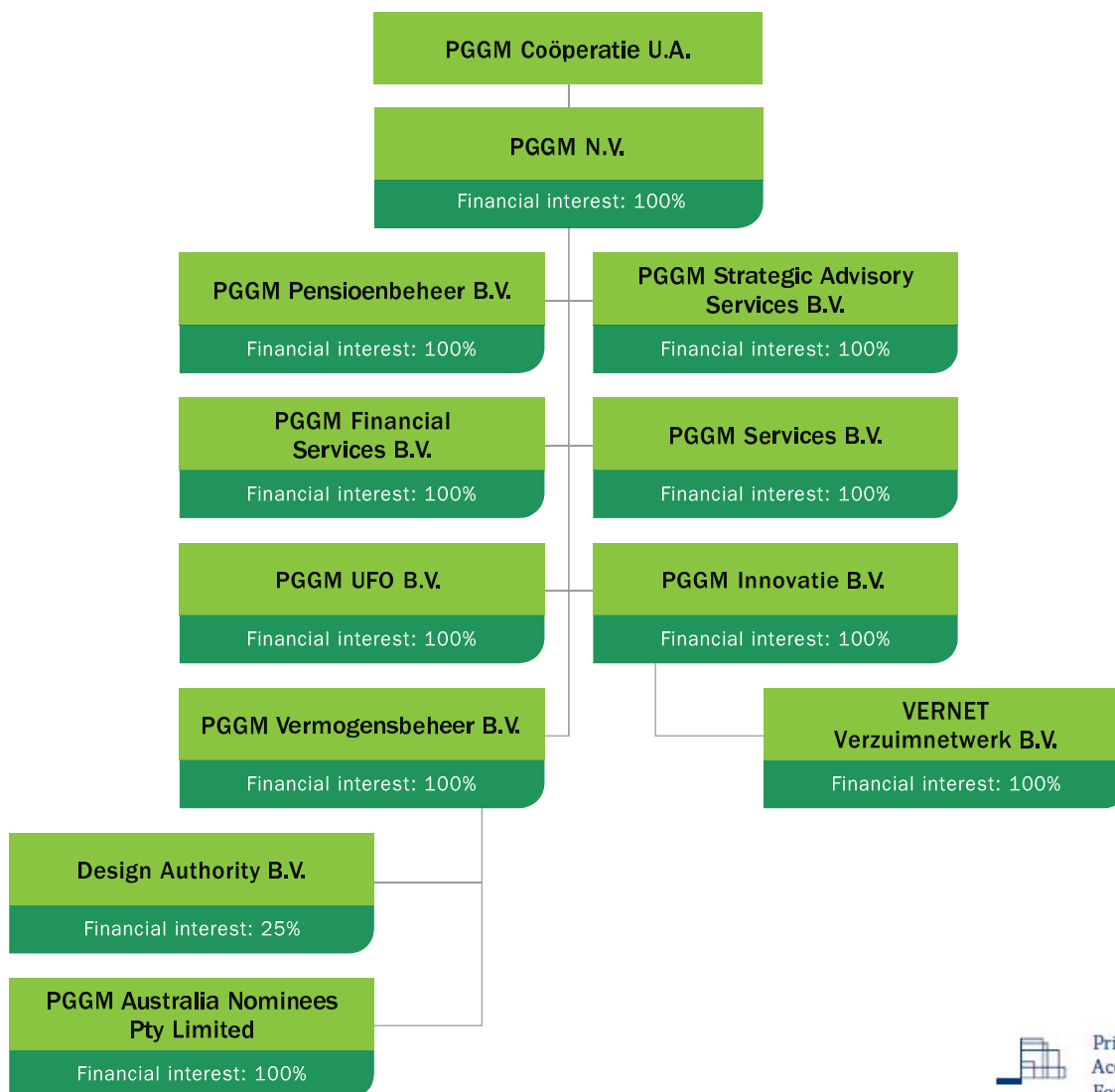
Group structure

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 Groep. The financial statements of PGGM N.V. are consolidated in the financial statements of PGGM Coöperatie, which has its registered office and principal place of business in Zeist as well. The consolidated financial statements of PGGM Coöperatie are made available on the PGGM website.

PGGM Vermogensbeheer B.V. and PGGM Financial Services B.V. 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 to create maximum clarity regarding the conditions associated with a particular licence and the supervision of these conditions.

The overview below shows the legal structure of PGGM Coöperatie, PGGM N.V. and its subsidiaries and associates ('PGGM Groep') as at 31 December 2022.

Group structure of PGGM



PGGM Vermogensbeheer B.V.

The asset management activities are vested in PGGM Vermogensbeheer B.V. (PGGM Vermogensbeheer). We support pension funds from two complementary services: fiduciary management and asset management.

AFM licence

PGGM Vermogensbeheer has an AIFM licence from the AFM pursuant to Article 2:67 of the Financial Supervision Act (Wft) to act as manager of an investment institution within the meaning of Article 1:1 of the Wft with effect from 4 April 2014. The licence is limited to offering the rights of participation to professional investors.

Also, pursuant to Article 2:67a(2) Wft, PGGM Vermogensbeheer is permitted to perform the following activities or provide services under the aforementioned AIFM licence:

- managing individual capital;
- in exercising a profession or carrying out a business, providing advice related to financial instruments;
- in exercising a profession or carrying out a business, receiving and transmitting client orders related to financial instruments.

PGGM Australia Nominees Pty Limited

PGGM Vermogensbeheer is the sole shareholder of PGGM Australia Nominees Pty Ltd. (PAN). The shares were acquired on 13 May 2009. For this reason, the assets, liabilities and the result are fully incorporated in the consolidated financial statements of PGGM Vermogensbeheer and in these financial statements.

Design Authority B.V.

PGGM Vermogensbeheer held a 50 percent interest in Design Authority B.V., established in Amsterdam, from its inception on 2 June 2020. Two participants were subsequently added, giving PGGM Vermogensbeheer a 25 percent equity interest as at 31 December 2021. The participating interest is not consolidated in these financial statements as it concerns significant influence, but PGGM N.V. does not have dominant control.

PGGM Pensioenbeheer B.V.

The pension administration activities have been transferred to PGGM Pensioenbeheer B.V. (PGGM Pensioenbeheer). These activities consist of client management and pension administration. PGGM Pensioenbeheer surrendered its licence as referred to in Articles 2:75 and 2:80 of the Wft to the AFM on 21 November 2022. This concerned a Wft licence from the AFM to provide advice (Article 2:75) and act as an intermediary (Article 2:80) in:

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

After terminating the licence, PGGM Pensioenbeheer is no longer supervised by the AFM.

PGGM Strategic Advisory Services B.V.

PGGM Strategic Advisory Services B.V. (PSAS) provides governance support (accountability, reporting and relationship management) and advisory services to institutional clients. These include services in the areas of investment policy, pension policy and fiduciary, financial & actuarial advice. PSAS surrendered its licence as referred to in Article 2:96 of the Wft to the AFM on 22 February 2021. This concerned a licence for the provision of investment services as referred to in Article 1:1 of the Wft, part d of the definition of providing an investment service. 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 termination of the licence, PSAS is no longer supervised by the AFM.

PGGM Financiële Services B.V.

PGGM Financiële Services B.V. (Financial Services) is a financial services provider that offers financial products and services from its collaborative partners to members of PGGM Coöperatie.

AFM licence

Financial Services has a Wft licence from the AFM for advising (Article 2:75 Wft) and acting as an intermediary (Article 2:80 Wft) in current accounts, consumer credit, electronic money, mortgage loans, income insurance, personal and business non-life insurance, savings accounts, assets and health insurance.

PGGM Innovatie B.V.

PGGM Innovatie B.V. (Innovatie) focuses on the implementation of processes that in any event include innovations within the health and social care 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.

Innovatie is the sole shareholder of VERNET verzuimnetwerk B.V. (Vernet). Vernet has the purpose 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) is focused 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 contracting party for pension funds and other institutional clients wishing to use the services of PGGM N.V. and its subsidiaries.

Notice of liability

During the 2022 financial year, seven PGGM subsidiaries applied the group regime of Article 2:403 of the Dutch Civil Code. In that context, PGGM N.V. has made and filed what is known as a 403 statement for each of these subsidiaries, in which PGGM N.V. has declared itself jointly and severally liable for debts arising from the legal acts of its subsidiaries. It concerns the following subsidiaries: PGGM Pensioenbeheer B.V., PGGM Strategic Advisory Services B.V., PGGM Financiële Services B.V., PGGM Services B.V., PGGM Innovatie B.V., VERNET verzuimnetwerk B.V. and PGGM UFO B.V. The financial data of these entities are consolidated by PGGM N.V. in the consolidated financial statements, together with PGGM Vermogensbeheer B.V.

Reporting period

These financial statements relate to the 2022 financial year, which ended on the balance sheet date of 31 December 2022.

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, profit and loss account and cash flow statement. These references refer to the explanatory notes.

Assets and liabilities in general are stated at acquisition price or production cost, or their current cost. If no specific measurement basis is stated, valuation will be on the basis of acquisition price.

Application of Article 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 Article 402, Book 2 of the Dutch Civil Code, the company profit and loss account only includes the share in the result of participating interests after tax and the other results after tax.

Going concern

These annual financial statements have been prepared on the basis of the going concern assumption.

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 deemed to be related parties. Members of the Executive Board under the Articles of Association, other key officers in the management of PGGM N.V. or PGGM Coöperatie and those closely allied are also related parties.

Significant transactions with related parties are explained to the extent these have not been entered 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

Changes in accounting policies

Revision DASB 270

With effect from the 2022 financial year, turnover is recognised in line with the revised DASB 270 The income statement. Further details are included under the Accounting principles. The change in accounting policies has been applied retrospectively and has no impact on PGGM.

Valuation of buildings and land at historical cost

For PGGM's clients, that is, the pension funds and the affiliated employers and participants, it is important to have a good insight into the performance of PGGM as an administrative organisation. Until 1 January 2022, buildings and land was valued using the fair value model. During 2022, PGGM assessed whether the application of this valuation methodology provides the correct insight into the actual performance of the organisation. The building is for company use and not intended as a source of profit for the company. The strong influence of revaluations of the building on PGGM's result makes insight into the performance less clear. In addition, in the case of company use, choices made by PGGM with regard to that that use, such as the occupancy of the building and decisions regarding its sustainable use, influence the valuation. This too is not conducive to providing insight into PGGM's performance as an administrative organisation. On the other hand, stable depreciation charges under the historical cost model are beneficial to customer insight, as management fees are determined on a cost plus margin basis. PGGM has therefore decided to value the buildings and land according to the cost model from 2022 onward. In conclusion, the transition to the cost model ensures a more stable development of the depreciation charges and ensures that the result is not affected by the volatility of the fair value model.

PGGM will apply the change in accounting policies for 2022 according to the Financial Reporting Guidelines (DASB 140.210), which means the change will take effect on 1 January 2022. Instead of valuation using the fair value model, the buildings and land will be valued on the basis of the cost model (acquisition value minus depreciation and impairments).

Changes in accounting policies must, in principle, be processed retrospectively. However, this would not do justice to the actual situation, since entries recognised in previous years would need to be capitalised in favour of equity and be charged to the profit and loss account again in the future in the form of depreciation. For this reason, PGGM uses the transitional provision as laid down in DASB 212.802, under which it is permitted to recognise this change in accounting policies in its annual financial statements prospectively. The effect of changed value of the building as a result of the implementation of the accounting policy change in the 2022 financial year on the opening equity is therefore nil. As prescribed in the transitional provision, this prospective recognition is based on the carrying amount at year-end 2021 and subsequently assumed to be the historical cost.

If a change in accounting policies had not been opted for, and valuation of the building would have been at fair value at the balance sheet date, the value would have been €39 million.

Comparison to previous year

The accounting principles have remained unchanged compared to last year, except for the changes in accounting policies.

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 as at 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 exchange differences are recognised in the profit and loss account.

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 as at 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 Article 2:362(1) of the Dutch Civil Code, the nature of these judgements and estimates, including the uncertainties associated with the assumptions, will be presented in the explanatory note to 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 dominant 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. Participating interests 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 Ltd.	Sydney, Australia	100%
PGGM Financiele 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%

2.2 Accounting principles for the valuation of assets and liabilities

Recognition of an asset or a 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 determined.

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 determined.

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 cost. If no specific measurement basis is stated, valuation will be on the basis of acquisition price.

Financial instruments

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

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

Software developed internally

Costs for software developed internally are capitalised as far as they relate to projects deemed commercially and technically feasible. Software developed internally is valued at production cost less accumulative depreciation and impairments. The production cost mainly concerns salary costs of personnel involved. After completion of the development phase (asset ready for implementation), the capitalised costs are depreciated over the expected useful life. Depreciation takes place according to the straight-line method. The costs of research and other development costs are charged to the result in the period in which they are incurred. A statutory reserve is formed for the part of the capitalised development costs that has not yet been written down.

Software

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

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 as based on the useful economic life of the asset.

Tangible fixed assets

Buildings and land

A change in accounting policies has been applied with effect from the 2022 financial year as a result of which buildings and land are stated at historical cost, less accumulative depreciation and any impairments. For an explanation of the changes in accounting policies, refer to section 2.1.

Depreciation is calculated as a percentage of the acquisition price according to the straight-line method based on the economic life, taking into account the residual value of the individual assets. If important components of the buildings can be distinguished from each other and differ in economic life, these components are depreciated separately. Land is not subject to depreciation. Depreciation starts when an asset is available for its intended use and ends when it is decommissioned or disposed of.

Buildings are subdivided into the categories of shells, completions and installations and are depreciated to their residual value in 40, 25 and 15 years, respectively.

The costs of major maintenance to and replacement of (parts of) buildings are capitalised at acquisition price less cumulative depreciation. The costs of regular maintenance and repairs are directly accounted for as an expense in the profit and loss account annually.

Installations in buildings

Installations in buildings are valued at the acquisition price less 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 valued at their acquisition price less 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. In determining whether a participation interest concerns a significant influence, the whole of the actual circumstances and contractual relationships (including any potential voting rights) is taken into account. If PGGM owns more than 20% of the shares, but less than 50%, it is assumed that significant influence can be exercised. Control is deemed dominant if more than 50% of the shares are owned.

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 valued at acquisition price. The dividend of the participating interest declared in the year under review is taken into account as result, in which dividends not paid out in cash are valued at fair value. In the event of an impairment, valuation takes place at realisable value; write-downs are charged to the consolidated profit and loss account. In the event of a firm disposal intention, the participating interest is shown at the lower expected sales value, if applicable.

Deferred tax assets

Deferred tax assets are recognised for deductible tax losses and deductible temporary differences between the value of the assets and liabilities according to tax regulations on the one hand and the valuation principles applied in these financial statements on the other, on the understanding that deferred tax assets are only recognised to the extent that future taxable profit against which temporary differences can be netted and losses can be offset is probable.

Deferred tax assets are calculated at the tax rates applicable at the end of the year under review or at the rates applicable in future years, as far as these have been established by law. Losses can be fully offset 1 year in advance, without time limit in the future, up to an amount of €1.0 million. Above €1.0 million, only 50 percent of profits can be offset.

Deferred tax assets are valued at nominal value.

Impairment 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 carrying amount of an asset is higher than the realisable value. An impairment loss is directly recognised in the profit and loss account with a simultaneous reduction of the carrying amount of the relevant asset.

The net realisable value is initially derived from a binding sales agreement; if there is no such agreement, the net realisable value is determined using the active market where normally the prevailing bid price is used as the market price. The costs to be deducted in determining the net realisable value are based on the estimated costs directly attributable to the sale and necessary to bring about the sale.

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 shown for the asset in earlier years.

Receivables

On initial recognition, receivables are valued at the fair value of the consideration received in return. Accounts receivable are valued 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 profit and loss account. Provisions for bad debt are deducted from the carrying amount of the receivable.

Securities

The investments in money market funds are valued at fair value. The net asset value published by the fund manager 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 valued at fair value, with changes in the value recognised directly in the profit and loss account. Investments in money market funds are at the free disposal of the legal entity. Interest received during the year is recognised as income in the profit and loss account.

Transaction costs attributable to securities that are subsequently valued at fair value with changes in value recognised through equity are recognised in the initial valuation. On the sale of the securities to a third party, the transaction costs will be recognised in the profit and loss account. Transaction costs that are attributable to securities that are valued at fair value against an amortised cost price will be recognised 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 consist of bank balances and have a term of less than twelve months. Cash and cash equivalents are valued at nominal 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. The provisions are determined as a best estimate of the amounts that will be needed to settle the liabilities on the balance sheet date. The provisions are valued at the present value of the expenditure expected to be necessary to settle the liabilities and losses, unless the time value of money is not material. If the time value of money is not material, the provision is valued at nominal value. The provisions are specified further below.

The other provisions are recognised and valued in accordance with the general accounting principle for provisions, at nominal value, since the time value of money is not material.

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. The provision for restructuring is valued at year-end at nominal value, as the time value of money is not material.

Provision for the onerous contract

The provision for the onerous contract 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 of fulfilling all 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 which must be paid if the obligations are not fulfilled.

A provision is formed for onerous contracts if it is probable that the unavoidable costs of compliance with the obligations exceed the economic benefits of those contracts. The provision for onerous contracts is valued at year-end at nominal value, as the time value of money is not material.

Provisions for DVI

PGGM N.V. has included a provision for Deferred Variable Income (DVI). DVI is intended to reward key employees of Vermogensbeheer. This form of remuneration exists alongside the variable remuneration scheme. DVI provisions are valued at the nominal value of the expenditure expected to be necessary to settle the provision. The provision for DVI is valued at year-end at nominal value, as the time value of money is not material.

Current liabilities

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

2.3 Principles for determination of the result

Determination of the result

The result is determined as the difference between the net realisable value of the delivered performance and the costs and other costs 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 the implementation work for the 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 operating income

Results are included under other business revenue that are otherwise associated with the supply of goods or services in the context of normal, non-incidentally business activities. The revenue is allocated to the reporting period in accordance with the content of the agreement.

Personnel expenses

Wages, salaries and social security contributions are recognised in the income account on the basis of the terms and conditions employment as far as they are owed to employees or the tax authority.

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 profit and loss account, respectively.

Costs of outsourced work and other external costs

The costs of outsourced work and other external costs consist of all other external costs directly related to the work performed by third parties. These costs are allocated to the period to which they relate.

Amortisation of intangible fixed assets and depreciation of tangible fixed assets

Intangible and tangible fixed assets are amortised and depreciated over their economic life, from the date the assets are in use. Future depreciations and amortisations will be adjusted in the event of a change in the estimated economic life. Gains and losses on the sale of intangible and tangible fixed assets are included in the depreciations and amortisations.

Other operating expenses

Other operating expenses are determined on a historical basis and allocated to the reporting year to which they relate.

Financial income and expenses

PGGM N.V. and its subsidiaries account for interest income and expenses related 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.

Exchange differences arising from the settlement or translation of monetary items are recognised in the income account in the period in which they occur.

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 principles. 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.

The coverage ratio of the pension fund at year-end 2022 was 111.6% (2021: 106.6%). As from 1 July 2022, the rules for (partial) indexing have been relaxed. Due to the relaxation, pension funds are allowed to increase pensions with a coverage ratio of 105% or higher. Before 1 July 2022, the threshold was 110%. As from 1 October 2022, PFZW has increased the pensions of all participants by 2.7%. As from 1 January 2023, PFZW increased the pensions by another 6%. Only at a policy coverage ratio of around 125% are pensions allowed to rise fully in line with prices.

The premium due to be paid to the pension fund by PGGM N.V. is recognised in the profit and loss account 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 enter into financial and operating 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 recognised in the profit and loss account on a linear basis over the term of the contract, taking into account the fees received from the lessor.

Taxes on the profit or loss

The tax over the result is calculated over the result before taxes in the consolidated profit and loss account, taking into account the available, tax offsettable losses from the previous financial years (as far as these are not included in the deferred tax liabilities) and released profit components and after adjustment of non-deductible costs. Temporary differences resulting from differences in commercial and tax valuation are reflected in the deferred tax liability or asset. Changes that occur in the deferred tax liabilities and deferred tax debts based on the changes in the tax rate used have also been taken into account.

Within PGGM Groep, corporate income tax on the taxable result is calculated for each entity. PGGM Coöperatie ultimately settles with the tax authorities.

Result of participating interests

The result from participating interests is determined on the basis of the change in net asset value. This also includes any downward value adjustments in participating interests.

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 restated in 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 present in the acquired group company have been deducted from the purchase price.

3. Intangible fixed assets

	Software developed internally	Software	Goodwill	Prepaid on Intangible fixed assets	Total
Balance as at 1 January 2022					
Acquisition price or production cost	36,182	11,384	1,502	2	49,070
Cumulative amortisation and impairment	-35,944	-9,606	-299	-	-45,849
Carrying amount as at 1 January 2022	238	1,778	1,203	2	3,221
Movements					
Investments	119	2	-	-	121
Disinvestments	-	-	-	-2	-2
Impairments	-	-	-	-	-
Amortisation	-	-735	-150	-	-885
Balance	119	-733	-150	-2	-766
Balance as at 31 December 2022					
Acquisition price or production cost	36,301	11,386	1,502	-	49,189
Cumulative amortisation and impairment	-35,944	-10,341	-449	-	-46,734
Carrying amount as at 31 December 2022	357	1,045	1,053	-	2,455

Amortisation terms

Goodwill: 10 years

Software: 5 years

Software developed internally

Software developed internally mainly concerns licences of the back office system for the pension and investment administration. In 2022, investments were made in the development and set-up of a data warehouse for Vernet's clients. A statutory reserve has been formed in equity for the same amount.

Goodwill

The goodwill arose following 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.

4. Tangible fixed assets

	Buildings and land	Installations in buildings	Other operating assets	Total
Balance as at 1 January 2022				
Acquisition price or production cost	72,600	3,753	28,036	104,389
Cumulative depreciation and impairment	-17,626	-3,342	-21,830	-42,798
Carrying amount as at 1 January 2022	54,974	411	6,206	61,591
Movements				
Investments	1,088	46	2,164	3,298
Disinvestments	-	-70	-97	-167
Impairments	-	-	-	-
Depreciation of disinvestments	-	36	66	102
Adjustment of impairment and cumulative depreciation	-	-	-	-
Depreciation	-3,010	-20	-1,937	-4,967
Balance	-1,922	-8	196	-1,734
Balance as at 31 December 2022				
Acquisition price or production cost	56,062	3,729	30,103	89,894
Cumulative depreciation and impairment	-3,010	-3,326	-23,701	-30,037
Carrying amount as at 31 December 2022	53,052	403	6,402	59,857

Depreciation terms

Land and sites:	no depreciation applies
Buildings - construction:	40 years
Buildings - finishing:	25 years
Buildings - building-related systems:	15 years
Installations in buildings:	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.

A change in accounting policy has been applied with effect from the start of the 2022 financial year and buildings and land are valued at historical cost, less accumulative depreciation and any impairments. For an explanation of the change in accounting policy, refer to section 2.1 of the financial statements.

An asset is subject to impairment if its carrying amount exceeds its realisable value. The recoverable amount is defined as the higher of fair value (being value in use) or net realisable value (being market value). Buildings and land were externally appraised at the end of 2022. The market value at the end of 2022 is below the carrying amount. The lower market value compared to the carrying amount is caused by external factors (supply and demand) and possible changes in the usage of the buildings and land. To determine the value in use, the cash-generating unit to which the building belongs is assessed (DASB 121.518). PGGM as a whole is the accurate cash-generating unit for a building for own use and the profitability of PGGM as a whole has therefore been assessed. For PGGM, the value in use of the building is higher than the market value and higher than the carrying amount, which means the buildings and land are not subject to an impairment.

5. Financial fixed assets

	<i>Participating interests</i>	<i>Deferred taxes</i>	<i>Total</i>
Balance as at 1 January 2022	634	18,487	19,121
Investments	400	-	400
Disinvestments	-	-	-
Result of participating interests	-259	-	-259
Valuation differences	-	-1,847	-1,847
Balance as at 31 December 2022	775	16,640	17,415

Participating interests

From its inception on 2 June 2020, PGGM Vermogensbeheer held a 50% interest in Design Authority B.V. Subsequently two participants were added, giving PGGM Vermogensbeheer a 25% equity interest as at 31 December 2021 and therefore significant influence is assumed. In 2022, an investment of €0,4 million was made in Design Authority B.V. The participating interest produced a negative result of €0,3 million in 2022.

Deferred tax

The deferred taxes a mainly relate to temporary differences in the tax valuation and commercial valuation that apply to the building as well as to the inclusion of goodwill and provisions. Of these deferred liabilities, an amount of €3,0 million (2021: €2,7 million) is expected to be settled within one year.

6. Receivables

	31 December 2022	31 December 2021
Accounts receivable	7,171	17,185
Receivables from group companies	1,098	-
Amounts to be invoiced	17,348	4,310
Prepayments and accrued income	10,900	11,013
Total	36,517	32,508

The fair value of the receivables approximates the carrying amount due to the short-term nature of the receivables.

Accounts receivable

The accounts receivable primarily consist of receivables from institutional clients relating to pension management, asset management, policy advice and board support in 2022. An amount of €1,1 million (2021: €1,7 million) relates to the settlement of the Deferred Performance Interest (DPI) arrangements and consists of a receivable from PGGM's Private Equity funds. Within this receivable, an amount of €0,3 million (2021: €1,1 million) has a duration of more than one year. The decrease in accounts receivable compared to 2021 is the result of new agreements with clients to invoice afterwards instead of in advance. This has resulted in an increase in amounts to be invoiced from €4,3 million in 2021 to €17,3 million in 2022.

Receivables from group companies

The receivables from group companies relate to the current account with PGGM Coöperatie. No interest is charged on these receivables. Receivables from group companies all have durations of less than one year.

Amounts to be invoiced

Amounts to be invoiced relate to amounts still to be charged to investment funds and institutional clients. The increase in amounts to be invoiced compared to 2021 is the result of new agreements with clients to invoice afterwards instead of in advance. This has resulted in a decrease in accounts receivable from €17,2 million in 2021 to €7,2 million in 2022. The amounts to be invoiced all have terms of less than one year.

Prepayments and accrued income

The prepayments and accrued income primarily consist of prepaid expenses to suppliers. Prepayments and accrued income have durations of less than one year.

7. Securities

PGGM N.V. has invested part of its cash and cash equivalents in money market funds of BlackRock and Goldman Sachs. With investing in money market funds a distribution of the banking counterparty risk is realized. In 2022, in accordance with the cash and cash equivalents policy, €110.2 million (2021: €94,4 million) is invested in money market funds. Investments in money market funds are freely tradable on a daily basis. Regarding the securities, all positions are at free disposal.

8. Cash and cash equivalents

Cash and cash equivalents 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 Groep. As a result of participation in the interest set-off system, the company is jointly and severally liable for all obligations arising from this. The entire amount of the cash and cash equivalents is at free disposal at the end of 2022.

9. Equity

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:

	2022	2021
Balance as at 1 January	250,766	230,820
Group result after taxes	9,017	20,868
Revaluation of tangible fixed assets	-	-1,309
Correction corporate income tax	-	387
Total result of income and expenses recognised directly into equity	-	-922
Overall result	9,017	19,946
Dividend distribution	-	-
Total direct changes relative to shareholders	0	0
Balance as at 31 December	259,783	250,766

10. Provisions

	<i>Restructuring</i>	<i>Onerous contract</i>	<i>DVI</i>	<i>Other provisions</i>	<i>Total</i>
Balance as at 1 January 2022	6,948	230	18,381	-	25,559
Movements					
Additions	838	389	5,564	3,757	10,548
Withdrawals	-3,209	-230	-867	-	-4,306
Release	-2,573	-	-2,162	-	-4,735
Balance as at 31 December 2022	2,004	389	20,916	3,757	27,066

An amount of €20,7 million from the provisions is considered long term (longer than a year). There are no provisions with durations of more than five years.

Restructuring provision

The restructuring provision consists of a restructuring initiated within the Pensioenbeheer department (€1,3 million) and regular redundancy schemes (€0,7 million). The most important estimates in calculating the restructuring provisions relate to the number of jobs that will disappear, the average payout according to the social plan and the average in additional costs that will be incurred per employee, such as legal assistance and training costs. The provision for restructuring is recognized at PGGM N.V. The costs are incurred via the current account in PGGM Pensioenbeheer.

The provision formed for restructuring within Pensioenbeheer amounts to €1,3 million (2021: €5,1 million). The decrease of €3,8 million compared to 2021 is the balance of a withdrawal from the provision of €1,4 million as a result of lump sum payments. Furthermore, the movement also concerns a reduction of €2,5 million in the provision, mainly as a result of natural turnover and changed insights in the long-term plan applicable to Pensioenbeheer.

The remaining amount of €0,7 million in the restructuring provision pertains to individual processes (2021: €1,8 million). In 2022, €1,8 million was withdrawn from the provision as a result of lump sum payments, €0,8 million was added and €0,1 million was released.

Provision for the onerous contract

In accordance with the reporting guidelines, PGGM N.V. recognised a provision at year-end 2021 for the unavoidable costs of the onerous contract of Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM PPI). The unavoidable costs are based on the current profitability of these services, taking into account any circumstances that may apply to the remaining period of the onerous contract. At the end of 2022, the remainder of the provision was nil. In 2022, a provision was formed for the unavoidable costs of the onerous contract for VDI workstations (workplace environment managed by KPN for each individual user). The unavoidable costs are determined by the total costs for completion of the contract terms at the time the transition to the SAAS application has already been finalized.

Provisions for DVI

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

Other provisions

In 2021, PGGM decided to make the step from a multi-client strategy to a single-client strategy for asset management. In 2022, in accordance with the reporting guidelines, a provision of €2,9 million was formed for the transition and dismantling costs of the common account funds.

In addition, a provision of €0,8 million was formed in 2022 for payments to employees as a result of collective agreement negotiations. The 2022-2023 collective agreement includes an arrangement in which future collective labour increases in the indexed allowance are bought off by means of a one-off payment to employees on 1 January 2024. As a result, a provision was formed on the balance sheet date for this one-off payment.

11. Current liabilities

	31 December 2022	31 December 2021
Fees from institutional clients received in advance	31,763	32,533
Accounts payable	4,250	1,706
Amounts owed to group companies	391	1,447
Taxes and social security contributions	13,010	9,322
Accruals and deferred income	25,143	25,652
Total	74,557	70,660

The fair value of current liabilities approximates the carrying amount due to the short-term nature of current liabilities.

Fees from institutional clients received in advance

The amounts received in advance mainly relate to the fee received in advance from PFZW for services in 2023.

Taxes and social security contributions

This relates to payroll taxes and social security contributions still to be paid. The amount has increased due to pension premiums still to be paid. Starting in 2022, invoicing takes place on the basis of subsequent invoicing instead of prepayment. Taxes and social security contributions all have durations of less than one year.

Accruals and deferred income

Accruals and deferred income consist mainly of amounts still to be paid of €5,1 million (2021: €5,0 million), reservation of holiday entitlements of €5,3 million (2021: €5,7 million), reservation of variable remuneration to personnel of €7,0 million (2021: €6,3 million) and other payables, accruals and deferred income amounting to €7,7 million (2021: €8,7 million). An amount of €1,1 million (2021: €1,7 million) in the reservation of variable remuneration to personnel relate to Performance Interest (DPI) scheme.

Of this, an amount of €0,3 million (2021: €1,1 million) has a term of more than one

12. Off-balance sheet assets and liabilities

Sale of property

When the administrative organisation was taken over by PGGM in 2008, PFZW provided capital interest of €160 million to PGGM Coöperatie. Attached to this capital interest is that PFZW is entitled to the actual proceeds upon sale of the building at Noordweg-Noord 150 in Zeist, subject to a maximum amount of €145 million. PFZW receives this amount from PGGM Coöperatie. Any sale will take place through PGGM N.V. This at the same time creates an obligation of PGGM N.V. to PGGM Coöperatie, which obligation is equal to the amount of the sale proceeds.

Claims

At the end of 2022, PGGM has no outstanding claims.

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. In 2022, PGGM N.V. made no use of the credit facility with PFZW.

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 corporate income 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 2026. The total liability as at 31 December 2022 amounts to €3.2 million (2021: €3.9 million). An amount of €1.3 million (2021: €1.4 million) expires within one year. There are no commitments longer than five years.

Buildings liability

The total liability as at 31 December 2022 amounts to €5.1 million (2021: €4.7 million). The liability runs until 2026. An amount of €2.9 million (2021: €1.4 million) expires within one year. There are no commitments longer than five years.

Hardware and software liability

The total liability as at 31 December 2022 amounts to €54.8 million (2021: €55.6 million). The liability runs until 2026. An amount of €36.8 million (2021: €33.8 million) expires within one year. There are no commitments longer than five years.

Issued guarantee Design Authority

PGGM has a (minority) shareholding in Design Authority B.V. and, if income lags behind, is legally obliged to finance its pro rata share in the costs of Design Authority B.V. in order to cover these costs for the financial year. These costs are accounted for by PGGM in the financial year to which these costs relate. In 2022, financing to Design Authority B.V. amounted to €0.4 million (2021: €0.4 million).

Notice of liability (Article 2:403 of the Dutch Civil Code)

Seven PGGM subsidiaries apply the group regime of Article 2:403 of the Dutch Civil Code. In that context, PGGM N.V. has declared itself jointly and severally liable for debts arising from the legal acts of the subsidiary. For an overview of subsidiaries to which this applies, reference is made to the general notes to the financial statements under 'Notice of liability'.

13. Management fees and other operating income

Management fees

	2022	2021
Management fees for asset management	175,875	173,382
Management fees for pension administration	113,195	123,064
Management fees for policy advice and board support	49,771	38,882
Total	338,841	335,328

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 agreements in 2022 regarding services.

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 agreements in 2022 regarding services.

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. The increase in revenue was mainly due to new agreements in 2022 regarding services.

Other operating income

	2022	2021
Income from members	402	371
Other operating income	1,118	1,002
Total	1,52	

Income from members

The income consists of marketing and communication fees for financial products of collaborative partners, such as mortgage loans and health insurance. In addition, income consists of fees for activities for members of PGGM Coöperatie and payments from advertisements and discount campaigns.

Other operating income

Other operating income relates to Vernet's operations. Vernet offers employers in healthcare insight into their absenteeism figures and sector benchmark data in the form of a subscription.

14. Personnel expenses

	2022	2021
Salaries	140,210	142,249
Social security contributions	14,779	13,772
Pension charges	17,919	16,848
Other personnel expenses	15,406	11,498
Total	188,314	184,367

Personnel expenses have increased due to a 2.75% increase resulting from collective labour agreement increases as of July 2022 and the effect of periodic increases in both salaries and contribution percentages. The lower addition to the DVI provision compared to 2021 is included under salaries and has an opposite effect, resulting in a net decrease in salaries.

The average number of employees at year-end was as follows:

	2022	2021
Pensioenbeheer	546	564
Vermogensbeheer	485	451
Information, Finance, Control	138	149
Institutional Business	166	141
Corporate Staff services	64	79
PGGM&CO Members' Organisation	17	17
IT	109	102
Vernet	8	8
Total	1,533	1,511

The average number of FTEs for 2022 was 1,473 (2021: 1,477). In 2022, no employees were employed outside the Netherlands (2021: 0). The above overview has been drawn up on the basis of the organisational classification, which may deviate from the legal classification (as presented, for example, in the annual report of PGGM Vermogensbeheer), because the latter is based on the actual performance of the employee.

Remuneration of Executive and Supervisory Board members

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

2022	Remuneration paid periodically	Remuneration payable in the future	Total
E. Velzel	544	21	565
W.J. Brinkman	491	21	512
Total	1,035	42	1,077

2021	Remuneration paid periodically	Remuneration payable in the future	Total
E. Velzel	537	20	557
W.J. Brinkman	484	20	504
Total	1,021	40	1,061

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

Pension charges are shown in 'Remuneration payable in the future'. The remuneration of board members is stated in accordance with Article 2:383c of the Dutch Civil Code. For a more detailed explanation of the remuneration of the members of the Executive Board, refer to the Directors' Report.

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

2022	Remuneration paid periodically
M. Sint	38,0
H.M.T. Broeders	31,0
F. Dings (from 12/05/2022)	19,9
H.M.L.M. de Macker	31,0
J.C.M. van Rutte	31,0
D.G. Vierstra	31,0
Total	181,9

2021	Remuneration paid periodically
M. Sint	35,0
H.M.T. Broeders	30,3
H.M.L.M. de Macker	30,3
J.C.M. van Rutte	30,3
D.G. Vierstra (from 13/06/2021)	16,7
M.A.M. Adriaansens	30,3
M.R. van Dongen (until 13/06/2021)	13,6
Total	186,5

Each member of the Supervisory Board receives an annual fee of €31,0 thousand (2021: €30,3 thousand). The remuneration of the Chair amounts to €38,0 thousand (2021: €35,0 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 2022, the total remuneration of the Supervisory Board, including travel allowance, amounted to €184,6 thousand, excluding VAT (2021: €189,2 thousand). In 2022, the remuneration of the Supervisory Board was indexed by 2.75% (2021: 2.00%).

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

15. Costs of outsourced work and other external expenses

	2022	2021
External personnel	62,922	52,757
Consultancy fees	624	1,232
Total	63,546	53,989

16. Amortisation of intangible fixed assets and depreciation of tangible fixed assets

	2022	2021
Amortisation of intangible fixed assets	885	1,019
Depreciation of tangible fixed assets	5,134	4,814
Impairments	-	7,462
Total	6,019	13,295

17. Other operating expenses

	2022	2021
Accommodation expenses	5,544	5,193
IT expenses	47,962	42,453
Marketing expenses	342	284
Other expenses	15,532	13,592
Total	69,380	61,522

Other operating expenses

The increase in other operating expenses is mainly due to the increase in subscription prices of data providers, maintenance costs of IT applications and costs related to the provisions. Automation costs include all IT-related costs.

18. Financial income and expenses

	2022	2021
Interest charges	-220	-1,145
Exchange differences	-123	-148
Other financial expenses	-	-41
Other financial expenses	9	5,453
Total	-334	4,119

Other financial income

PGGM N.V. and Rabobank ceased operations as founding partners in Rabo PGGM PPI and transferred them to Allianz. The actual transfer took place on 1 August 2021 and the name of Rabo PGGM PPI was changed to Allianz PPI. The sale price was €10,8 million and in 2021 this resulted in a book profit for PGGM N.V. of €5,4 million based on a 50% interest.

19. Taxes

	2022	2021
Tax expense	1,645	6,042
Adjustment of deferred tax liabilities due to change in corporate income tax rates	-	-573
Change in deferred tax assets	1,847	1,394
Total	3,492	6,863
Nominal tax rate	25.80%	25.00%
Adjustment of deferred tax liabilities due to change in corporate income tax	0.00%	2.07%
Non-taxable income and expenses	1.55%	-2.25%
Total	27.35%	24.82%

The effective tax liability of 27.35% is calculated by dividing the current taxes and changes in deferred taxes by the result before tax. The effective tax rate deviates 1.55% from the applicable tax rate of 25.8% due to non-taxable income and expenses.

20. 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. With regard to the remuneration of directors, please refer to the notes on personnel expenses.

21. Auditors' fees

	2022	2021
Audit of the financial statements	221	208
Other audit work	1,846	1,783
Other non-audit services	-	40
Total	2,067	2,031

The above fees concern the fees charged by the entire network to which the audit firm as referred to in Article 1(1) of the Audit Firms (Supervision) Act belongs. These fees relate to the audit of the financial statements for the 2022 financial year, regardless of whether the work had already been performed during the financial year.

The fees related to the audit of the annual statements relate exclusively to the work at PGGM N.V. and the companies within the consolidation. Other audit work includes audit-related activities for reporting to clients, as well as activities for ISAE 3402 reports. No part of the network to which the audit firm belongs provided any tax advisory services.

22. Subsequent events

There are no subsequent events with an impact on the financial position as at 31 December 2022 that must be included in the financial statements.

23. 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). Risk & Compliance monitors and reports 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 N.V. recognises the following risks: solvency, market, currency, interest rate, credit, liquidity and concentration risks.

Solvency risk

PGGM N.V. has opted to use the method whereby the capital adequacy is calculated based on 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 PGGM Vermogensbeheer. The existing and required solvency positions at group level are as follows:

Solvency	2022	2021
Total equity	259,783	250,766
Statutory requirement	64,684	70,191
Surplus	195,099	180,575

Market risk

Market risk is the price risk of a fall in the value of investments due to a change in market factors. In 2020, PGGM N.V. decided to invest part of the cash in money market funds. In 2022, €110,2 million (2021: €94,4 million) was invested in money market funds. 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. This may result in higher interest charges. Since PGGM Groep has no bonds or equities, the interest rate risk is negligible.

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 (SLA) 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 in cash and cash equivalents 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

Concentration risk exists if an organisation is dependent on one customer for the continuity of its business. 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 2022

Company balance sheet as at 31 December 2022

before profit appropriation
(amounts in thousands of euros)

	<i>Ref</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
Assets			
Non-current assets			
Intangible fixed assets	24	431	762
Tangible fixed assets	25	59,826	61,553
Financial fixed assets	26	148,134	142,968
Total fixed assets		208,391	205,283
Current assets			
Receivables	27	7,250	16,341
Securities	28	110,179	94,388
Cash and cash equivalents	29	54,459	39,679
Total current assets		171,888	150,408
Total assets		380,279	355,691
Liabilities			
Equity			
Paid and called-up capital	30	200	200
Share premium reserve		158,712	158,712
Statutory reserve		362	243
Other reserves		91,492	70,743
Undistributed result		9,017	20,868
Total equity		259,783	250,766
Provisions			
Provisions	31	24,143	25,559
Total provisions		24,143	25,559
Current liabilities			
Current liabilities	32	96,353	79,366
Total current liabilities		96,353	79,366
Total liabilities		380,279	355,691



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Company profit and loss account for 2022

(amounts in thousands of euros)

	Ref	2022	2021
Result of participating interests	26	9,493	18,770
Other income	34	-476	2,098
Result after tax		9,017	20,868

Notes to the company financial statements for 2022

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 the same. Participating interests in group companies are stated based on the net asset value in accordance with the relevant section of the Consolidated financial statements. For the principles of valuation of assets and liabilities and for the determination of the result, please refer to the explanation included with the consolidated balance sheet and the profit and loss account (refer to the explanation under note 2).

24. Intangible fixed assets

	Software	Total
Balance as at 1 January 2022		
Acquisition price or production cost	5,589	5,589
Cumulative amortisation and impairment	-4,827	-4,827
Carrying amount as at 1 January 2022	762	762
Movements		
Investments	-	-
Disinvestments	-	-
Impairments	-	-
Amortisation	-331	331
Balance	-331	-331
Balance as at 31 December 2022		
Acquisition price or production cost	5,589	5,589
Cumulative amortisation and impairment	-5,158	-5,158
Carrying amount as at 31 December 2022	431	431

Amortisation terms

Software: 5 years

25. Tangible fixed assets

	Buildings and land	Installations in buildings	Other operating assets	Total
Balance as at 1 January 2022				
Acquisition price or production cost	72,600	3,753	27,825	104,178
Cumulative depreciation and impairment	-17,626	-3,342	-21,657	-42,625
Carrying amount as at 1 January 2022	54,974	411	6,168	61,553
Movements				
Investments	1,088	46	2,159	3,293
Disinvestments	-	-70	-97	-167
Impairments	-	-	-	-
Depreciation of disposals	-	36	66	102
Adjustment of impairment and cumulative depreciation	-	-	-	-
Depreciation	-3,010	-20	-1,925	-4,955
Balance	-1,922	-8	203	-1,727
Balance as at 31 December 2022				
Acquisition price or production cost	56,062	3,729	29,887	89,678
Cumulative downward value adjustments and depreciation/amortisation	-3,010	-3,326	-23,516	-29,852
Carrying amount as at 31 December 2022	53,052	403	6,371	59,826

Depreciation terms

Land and sites:	no depreciation applies
Buildings - construction:	40 years
Buildings - finishing:	25 years
Buildings - building-related systems:	15 years
Installations in buildings:	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.

A change in accounting policy has been applied with effect from the 2022 financial year and buildings and land are valued at historical cost, less accumulative depreciation and any impairments. For an explanation of the change in accounting policy, refer to section 2.1. of the financial statements.

26. Financial fixed assets

	Participating Interests	Deferred taxes	Total
Balance as at 1 January 2022	124,755	18,213	142,968
Dividend distribution	-18,000	-	-18,000
Share premium payment	16,000	-	16,000
Result of participating interests	9,493	-	9,493
Valuation differences	-	-2,327	-2,327
Balance as at 31 December 2022	132,248	15,886	148,134

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 Ltd.	Sydney, Australia	100%
PGGM Financiele 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, Netherlands	100%

For the purpose of executing the equity policy and analysis of the capital position of the subsidiary entities, in 2022, PGGM N.V. made a share premium payment of €12 million to PGGM Pensioenbeheer B.V., a share premium payment of €3 million to PGGM Services B.V. and €1 million to PGGM Strategic Advisory Services B.V. PGGM Vermogensbeheer B.V. made a dividend distribution of €18 million to PGGM N.V.

Deferred taxes

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

27. Receivables

	31 December 2022	31 December 2021
Accounts receivable	1,070	574
Receivables from group companies	1,027	10,778
Amounts to be invoiced	399	9
Prepayments and accrued income	4,754	4,980
Total	7,250	16,341

The fair value of the receivables approximates the carrying amount due to the short-term nature of the receivables.

Receivables from group companies

	31 December 2022	31 December 2021
PGGM Vermogensbeheer B.V.	470	4,205
PGGM Pensioenbeheer B.V.	-	3,338
PGGM Strategic Advisory Services B.V.	-	1,272
PGGM UFO B.V.	-	1,352
PGGM Financiële Services B.V.	-	343
VERNET Verzuimnetwerk B.V.	140	110
PGGM Innovatie B.V.	-	86
PGGM Services B.V.	178	72
PGGM Coöperatie U.A.	239	-
Total	1,027	10,778

Accounts receivable

In addition to regular receivables, accounts receivable mainly concern receivables from the investment funds. These concern costs paid by PGGM N.V. Accounts receivable have a remaining duration of less than one year.

Receivables from group companies

The lower position of receivables from group companies compared to 2021 is due to a difference in the time of settlement of these positions. All receivables from group companies have remaining terms of less than one year. No interest is charged on the receivables from group companies.

Prepayments and accrued income

The prepayments and accrued income primarily consist of prepaid expenses to suppliers. Prepayments and accrued income have durations of less than one year.

28. Securities

PGGM N.V. has invested part of its cash and cash equivalents in money market funds of BlackRock and Goldman Sachs. Investing in money market funds achieves a distribution of the banking counterparty risk. In 2022, in accordance with the cash and cash equivalents policy, €110,2 million (2021: €94,4 million) was invested in money market funds. Investments in money market funds are freely tradable on a daily basis. Of the securities, all funds are at free disposal.

29. 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, the entire amount is at free disposal at the end of 2022.

30. Equity

	Paid and called-up capital	Share Premium Reserve	Statutory reserve	Revaluation reserve	Other reserves	Undistributed result	Total
Balance as at 1 January 2021	200	158,712	5	1,309	41,584	29,010	230,820
Appropriation of result for 2020	-	-	-	-	29,010	-29,010	-
Revaluation reserve tangible fixed assets	-	-	-	-1,309	-	-	-1,309
Statutory reserve for software developed internally	-	-	238	-	-238	-	-
Movements resulting from reduction in corporate income tax rates	-	-	-	-	387	-	387
Result 2021	-	-	-	-	-	20,868	20,868
Balance as at 31 December 2021	200	158,712	243	-	70,743	20,868	250,766
Appropriation of result for 2021	-	-	-	-	20,868	-20,868	-
Statutory reserve for software developed internally	-	-	119	-	-119	-	-
Result 2022	-	-	-	-	-	9,017	9,017
Balance as at 31 December 2022	200	158,712	362	-	91,492	9,017	259,783

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 (2021: €1 million), consisting of 1,000 shares, each with a nominal value of €1 thousand. As at 31 December 2022, 200 shares were subscribed and paid up.

Share premium reserve

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

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. The change in 2022 concerns the statutory reserve which is held for internally developed software Vernet.

Other reserves

The other reserves consist of the determined result and the changes as a result of the statutory reserve, which is maintained for software developed internally.

Undistributed result

This comprises the result for the year under review.

Proposal for profit appropriation

It is proposed to the General Meeting of Shareholders that the result after tax for 2022 be added to the other reserves.

31. Provisions

	<i>Restructuring</i>	<i>Onerous contract</i>	<i>DVI</i>	<i>Other provisions</i>	<i>Total</i>
Balance as at 1 January 2022	6,948	230	18,381	-	25,559
Movements					
Additions	838	389	5,564	834	7,625
Withdrawals	-3,209	-230	-867	-	-4,306
Release	-2,573	-	-2,162	-	-4,735
Balance as at 31 December 2022	2,004	389	20,916	834	24,143

An amount of €20,7 million from the provisions is regarded as long term (longer than a year). There are no provisions with durations of more than five years.

Restructuring provision

The restructuring provision consists of a restructuring initiated within the Pensioenbeheer department (€1,3 million) and regular redundancy schemes (€0,7 million). The most important estimates in calculating the restructuring provisions relate to the number of jobs that will disappear, the average payout according to the social plan and the average in additional costs that will be incurred per employee, such as legal assistance and training costs. The provision for restructuring is recognized at PGGM N.V. The costs are accounted for via the current account in PGGM Pensioenbeheer.

The provision formed for restructuring within Pensioenbeheer amounts to €1,3 million (2021: €5,1 million). The decrease of €3,8 million compared to 2021 is, on the one hand, the balance of a withdrawal from the provision of €1,4 million as a result of lump sum payments. Furthermore, the movement concerns a reduction of €2,5 million in the provision, mainly as a result of natural turnover in the long-term plan applicable to Pensioenbeheer.

The remaining amount of €0,7 million in the restructuring provision pertains to individual processes (2021: €1,8 million). In 2022, €1,8 million was withdrawn from the provision as a result of lump sum payments, €0,8 million was added and €0,1 million was released.

Provision for the onerous contract

In accordance with the reporting guidelines, PGGM N.V. recognised a provision at year-end 2021 for the unavoidable costs of the onerous contract of Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM PPI). The unavoidable costs are based on the current profitability of these services, taking into account any circumstances that may apply to the remaining period of the onerous contract. At the end of 2022, the remainder of the provision was nil. In 2022, a provision was formed for the unavoidable costs of the onerous contract for VDI workstations (workplace environment managed by KPN for each individual user). The unavoidable costs are determined by the total costs for completion of the contract terms at the time the transition to the SAAS application has already been finalized.

Provisions for DVI

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

Other provisions

In 2022, a provision of €0,8 million was formed for payments to employees as a result of collective agreement negotiations. The 2022-2023 collective agreement includes an arrangement in which future collective labour increases in the indexed allowance are bought off by means of a one-off payment to employees on 1 January 2024. As a result, a provision was formed on the balance sheet date for this one-off payment.

32. Current liabilities

	31 December 2022	31 December 2021
Amounts owed to credit institutions	55,097	41,984
Fees from institutional clients received in advance	6,170	6,218
Accounts payable	1,498	905
Amounts owed to group companies	2,773	579
Taxes and social security contributions	13,001	9,304
Accruals and deferred income	17,814	20,376
Total	96,353	79,366

The fair value of current liabilities approximates the carrying amount due to the short-term nature of current liabilities.

Amounts owed to credit institutions

Debts to credit institutions concern negative cash and cash equivalents as a result of the balance and interest set-off system.

Fees from institutional clients received in advance

The amounts received in advance relate to the fee received in advance from PFZW for services in 2023.

Amounts owed to group companies

	31 December 2022	31 December 2021
PGGM Coöperatie U.A.	-	579
PGGM Services B.V.	2,773	0
Total	2,773	579

All liabilities on group companies have remaining durations of less than one year. No interest is charged on the amounts owed to group companies.

Taxes and social security contributions

This relates to payroll taxes and social security contributions still to be paid. The amount has increased due to pension premiums still to be paid for November and December. Starting in 2022, this is effected on the basis of subsequent invoicing. Taxes and social security contributions all have durations of less than one year.

Accruals and deferred income

Accruals and deferred income consists mainly of amounts still to be paid of €1,9 million (2021: €2,0 million), reservation of holiday entitlements of €5,3 million (2021: €5,7 million), reservation of variable remuneration to personnel of €7,0 million (2021: €6.3 million) and other payables, accruals and deferred income amounting to €3,6 million (2021: €6,4 million). Accruals and deferred income have a remaining duration of less than one year.

33. 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.

34. Other income

	2022	2021
Other income and operating expenses	-65,441	-79,670
Charged-on operating expenses	64,988	82,392
Taxes result	-23	-624
Total	-476	2,098

35. Subsequent events

For the disclosure on subsequent events, refer to note 22 'Post-balance sheet date events' in the consolidated financial statements.

Zeist, 19 April 2023

Executive Board:

Edwin Velzel, Chair

Willem Jan Brinkman

Supervisory Board:

Marjanne Sint, Chair

Henk Broeders, Vice Chair

Françoise Dings

Eric de Macker

Jan van Rutte

Doede Vierstra



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Other information



Independent auditor's report

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

Report on the financial statements 2022

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 of 31 December 2022, 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 2022 of PGGM N.V., Zeist. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as of 31 December 2022;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied 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.

*PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam P O Box 00257
1006 BJ Amsterdam, the Netherlands*

T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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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).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of PGGM N.V. and its environment and the components of the internal control system, including the executive board’s risk assessment process, the executive board’s process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section ‘Fraud risk’ in the chapter ‘How do we manage our organisation?’ of the annual report in which the executive board reflects on its risk appetite on this topic and the implemented measures of internal control.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud, including management’s fraud risk assessment, the code of conduct, whistleblower procedures, the Systemic Integrity Risk Assessment and the framework of internal control relating to fraud. Where considered appropriate, we tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the executive board, as well as the internal audit department, representatives of the human resources department, representatives of the finance department and the supervisory board whether they are aware of any actual or suspected fraud. Based on these procedures we did not identify indications of actual or suspected fraud that could have a material impact on the financial statements.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
<p data-bbox="256 504 734 571"><i>The risk of management override of controls</i></p> <p data-bbox="256 571 734 817">Management is in a unique position to perpetrate fraud, because of management's unique ability to override controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls, aimed at:</p> <ul data-bbox="319 817 734 1120" style="list-style-type: none"> • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity and its subsidiaries. 	<p data-bbox="734 504 1487 660">We evaluated the design and effectiveness of internal control measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.</p> <p data-bbox="734 694 1487 817">We have selected journal entries based on risk criteria and performed specific audit procedures on them. These procedures include, among others, inspecting these journal entries and reconciling them with source documents.</p> <p data-bbox="734 817 1487 952">We also performed specific audit procedures on important management estimates, focusing on the restructuring provision and the provision for variable remuneration (DVI) as disclosed in Note 10 of the financial statements.</p> <p data-bbox="734 974 1487 1041">We did not identify significant transactions outside the normal course of business.</p> <p data-bbox="734 1075 1487 1167">Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>

We incorporated an element of unpredictability in our audit. We also reviewed lawyer's letters and correspondence with regulators, and, during the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in paragraph 'Continuity risk' in the chapter 'How do we manage our organisation?' in the annual report, the executive board performed its assessment of the entity's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- considering whether the executive board's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the executive board regarding the executive board's most important assumptions underlying its going-concern assessment.
- evaluating the executive board's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry, development regarding clients and their contracts and all relevant information of which we are aware as a result of our audit;

- performing inquiries of the executive board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

Our procedures did not result in outcomes contrary to the executive board's assumptions and judgements used in the application of the going-concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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; and
- contains all the information regarding the annual report and the other 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 the 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 procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the annual 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 in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 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, 19 April 2023
PricewaterhouseCoopers Accountants N.V.

This is an English translation of the original Dutch text, furnished for convenience only. In case of any conflict between this translation and the original text, the latter will prevail.

Appendix to our auditor's report on the financial statements 2022 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.

Overview of GRI indicators

Generic indicators

Indicator	Description	Source or explanation	Page
GRI 2-1	Organisation details: name, ownership structure and legal form, location of the head office, the number of countries in which the organisation operates	Corporate governance General	65 166
GRI 2-2	(Company) entities included in the organisation's sustainability report	Corporate governance	67
GRI 2-3	Reporting period to which the information provided relates to, reporting cycle and contact information for questions about the report and its contents	2022, annually General	166
GRI 2-5	Policy with regard to external assurance and indication of whether an assurance statement has been issued by the external auditor on the accountability for sustainability	We do not yet have an assurance on our non-financial sustainability figures and key figures for the 2022 reporting period. We will have to comply with this under the CSRD legislation for the reporting period of 2025	
GRI 2-6	Main activities, products and services, markets, suppliers of the organisation, other relevant business clients and significant changes therein during the reporting period	What we do Whom we deliver value for	6 7
GRI 2-7	Total number of employees and composition of the workforce	Inspiring and inclusive working environment	57
GRI 2-8	Employees who are not on the payroll (externals)	In addition to 1,533 internal employees, 339 external employees are working for the organisation. The main reasons for external hiring are deployment to project-based work and compensation for unfilled vacancies and peak loads	
GRI 2-9	The governance structure and composition	Corporate governance	66
GRI 2-10	Nomination and selection of the highest decision-maker in the organisation (describe policy and assessment criteria)	Report of the Supervisory Board	88
GRI 2-11	Role of the chair of the highest governance body	Corporate governance	66
GRI 2-12	Role of the highest governance body of the organisation in the management of sustainable impact	Future-proof business operations	49
GRI 2-13	Delegating responsibility for managing sustainable impact by the highest governance body within the organisation	Future-proof business operations	49
GRI 2-14	Role of the highest governance body in sustainability reporting	Future-proof business operations	49
GRI 2-15	Policy related to the prevention and mitigation of conflicts of interest in the highest governance body	Compliance	78
GRI 2-16	Describing whether and how business-critical issues are reported to the highest governance body. Also stating the number and nature of business-critical issues during the reporting period	Compliance	79
GRI 2-17	General knowledge in the field of sustainability of the highest governance body, as well as measures to develop this further	Future-proof business operations	10

Indicator	Description	Source or explanation	Page
GRI 2-18	Evaluation of the performance of the highest governance body	Report of the Supervisory Board	91
GRI 2-19	Remuneration policy for members of the highest governance body and senior management	Report on the remuneration of the Executive Board	83
GRI 2-20	The way in which the organisation determines the remuneration policy	Report on the remuneration of the Executive Board	85
GRI 2-21	Total annual compensation ratio	Inspiring and inclusive working environment	63
GRI 2-22	A statement from the highest governance body on the relevance of sustainable development to the organisation and its strategy to contribute to sustainable development	The value we create	14
GRI 2-23	Description of whether the policy commitments regarding responsible business practices, as established by the organisation, are in keeping with human rights, are publicly available, approved and supported by the highest governance body, apply to business clients and how this has been communicated to employees, business partners and other relevant parties	Compliance	78
GRI 2-24	The way in which the organisation embeds the policy commitments regarding responsible business practices	Future-proof business operations	51
GRI 2-25	The way in which the organisation rectifies its negative impact	Future-proof business operations	51
GRI 2-26	Complaints procedure and reporting centre for raising concerns	Compliance	79
GRI 2-27	Compliance with laws and regulations	Compliance	78
GRI 2-28	Memberships of associations (such as trade associations) and national and international interest groups in which the organisation plays a significant role	Future-proof business operations	51
GRI 2-29	How stakeholders are involved	What our stakeholders consider important	10
GRI 2-30	Percentage of employees covered under a collective agreement	No data available	

Specific indicators

Indicator	Description	Source or explanation	Page
Material			
GRI 3-1	The way in which the organisation determines the material themes	What our stakeholders consider important	10
GRI 3-2	Publication of the list of material themes and changes compared to the previous reporting period	What our stakeholders consider important. Note: no comparison is made with the material themes as published in 2021. New material themes have been drawn up for 2022, which are partly derived from our new strategic objectives for 2030	11
GRI 3-3	The way in which the organisation manages the material themes	In our materiality matrix we provide a description of the material themes that we consider relevant and which we want to make an impact on. In our value creation model (see section 'The value we create') we subsequently indicate the value. Output targets have been in material themes	10



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Indicator	Description	Source or explanation	Page
Economic			
GRI 201-1	Direct economic value generated and distributed	Future-proof business operations	51
GRI 201-2	Financial implications and other risks and opportunities as a result of climate change	No data available	
GRI 201-3	Pension liabilities and other pension schemes	Financial Statements – principles for determination of the result	118
Market presence			
GRI 202-1	Ratio of the standard entry-level wage of a new employee by gender compared to (the local) minimum wage	Future-proof business operations	51
GRI 202-2	Part of senior management from the local community	Future-proof business operations	51
Indirect economic			
GRI 203-1	Investments in infrastructure and support services	No data available	
GRI 203-2	Significant indirect economic impact	The value we create (contribution to the pensions of 4.3 million participants)	13
Purchasing			
GRI 204-1	Share of spending on local suppliers	No data available	
Corruption			
GRI 205-1	The total number and percentage of business activities assessed for risks related to corruption	Risk management	75
GRI 205-2	Communication and training on anti-corruption policies and procedures	Risk management	75
GRI 205-3	Confirmed cases of corruption and measures taken	There are no confirmed cases of corruption in 2022 and no measures have been taken	
Competition			
GRI 206-1	Legal actions on account of anti-competitive behaviour, antitrust and monopoly practices	No legal actions were taken on account of anti-competitive behaviour, antitrust and monopoly practices in 2022	
Taxes			
GRI 207-1	The tax policy applied by the organisation	PGGM's tax policy is placed on the agenda annually by the EC and the Supervisory Board and re-adopted at least once every three years. The tax policy is based on transparency, compliance with the letter and spirit of laws and regulations, thought leadership and active positioning. A more detailed explanation can be found in the Sustainable Tax Position Paper .	
GRI 207-2	The structure of governance surrounding tax matters, control measures and risk management	PGGM has a Tax Control Framework, the design, existence and operation of which are actively monitored. In 2022, PGGM and the Tax and Customs Administration jointly reviewed the Tax Control Framework. In doing so, the Tax and Customs Administration examined, among other things, the structure of the tax function, the control measures and the risk management of PGGM. As a result, the Tax and Customs Administration and PGGM/PFW concluded a new Agreement for Individual Horizontal Monitoring in 2022. This shows that the design, operation of the Tax Control Framework deemed satisfactory by the Tax and Customs Administration.	



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Indicator	Description	Source or explanation	Page
GRI 207-3	Stakeholder and management involvement in tax matters	Tax policy and tax developments are placed on the agenda of the EC and the Supervisory Board once a year. In the event of important developments, the CFRO, the EC and/or the Supervisory Board are informed in the interim as well. Reports are drawn up for clients on the extent to which the Sustainable Tax Policy is complied with.	
Material			
GRI 301-1	Weight and volume of materials used for the organisation's primary services and products	Future-proof business operations	51
GRI 301-2	Percentage of recycled materials used for the organisation's primary services and products	PGGM does not make products or provide financial services for which materials are used. Printed publications are used for pension communications. The material used is paper. In 2021, PGGM used 394,018 kg of paper	
Energy			
GRI 302-1	Energy consumption within the organisation	Sustainable business operations	51
GRI 302-2	Energy consumption outside the organisation	Energy consumption in the PGGM data centres: Almere (Production): 164,627 kWh Oude Meer (OTA): 157,909 kWh	
GRI 302-3	Energy intensity	No data available	
GRI 302-4	Reduction of energy consumption as a result of savings and efficiency initiatives	Future-proof business operations	51
Water			
GRI 303-1	Description of water-related interactions by the organisation (consumption, withdrawal, etc.)	Future-proof business operations	51
GRI 303-2	Management of impact with regard to water discharge by the organisation	Future-proof business operations	51
GRI 303-3	Water extraction in megalitres including breakdown by type of water source	No data available	
GRI 303-4	Water discharge in megalitres including breakdown by type of water source	No data available	
GRI 303-5	Water consumption in megalitres including breakdown by type of water source	Future-proof business operations	51
Biodiversity			
GRI 304-1	Operating sites owned by, leased from, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	Future-proof business operations	52
Emissions			
GRI 305-1	Direct CO ₂ emissions (Scope 1)	Future-proof business operations	54
GRI 305-2	Indirect CO ₂ emissions due to the generation of electricity or heat purchased and consumed by the organisation	Future-proof business operations	54
GRI 305-3	Indirect emissions of CO ₂ (scope 3), caused by the business activities of another organization	Future-proof business operations	54
GRI 305-4	Intensity of CO ₂ emissions	Future-proof business operations	52
GRI 305-5	Reduction of CO ₂ emissions	Future-proof business operations	

Indicator	Description	Source or explanation	Page
Waste			
GRI 306-1	Waste generation and significant waste-related impact	Future-proof business operations	51
GRI 306-2	Management of significant waste-related impact	Future-proof business operations	51
GRI 306-3	Generated waste	Future-proof business operations	51
Environment			
GRI 308-1	New suppliers who have been screened against environmental criteria	Future-proof business operations	55
GRI 308-2	Adverse environmental effects in the supply chain and actions taken	Future-proof business operations	55
Employment			
GRI 401-1	New employees and staff turnover	Inspiring and inclusive working environment	57
GRI 401-3	Parental leave (number of people entitled and those who actually took leave, broken down by gender)	No data available	
GRI 402-1	Minimum notice periods in the event of operational changes	Works council process: In case of major organisational changes, PGGM always follows the process as laid down in the Works Councils Act (WOR). Collective agreement: In the event of collective agreement changes, we always discuss in mutual consultation with the trade unions how we are going to implement these changes and within what period. This includes agreements about, for example, changes with retroactive effect.	
GRI 403-1	Management system for health and safety at work	Inspiring and inclusive working environment	62
GRI 403-2	Work environment related hazard identification, risk assessment and incident investigation	PGGM has an extensive reporting procedure, including a policy document for the Reporting procedure for incidents, accidents at work and occupational diseases. PGGM also employs health and safety officers. A separate procedure has been set up for reporting accidents.	
GRI 403-3	Working Conditions Services	PGGM uses a Working Conditions Service. The working method of the Working Conditions Service has been recorded on the Intranet and can be consulted by every employee. In addition, PGGM employs special health and safety officers. A document has been drawn up for health and safety officers as well, aimed at informing colleagues about the working method and position of these officers.	
GRI 403-4	Employee participation, consultation and communication about health and safety at work	Agreements are made with the works council about periodic risk assessments and evaluations in the field of working conditions, safety and well-being. These agreements are laid down in the collective agreement.	
GRI 403-5	Occupational health and safety training for employees	PGGM has trained 29 colleagues as Company Emergency Response officers. All emergency response officers hold a first aid certificate.	
GRI 403-6	Promoting employee health	Inspiring and inclusive working env	

Indicator	Description	Source or explanation	Page
GRI 403-7	Preventing and mitigating the consequences for health and safety at work directly related to business clients	Inspiring and inclusive working environment	62
GRI 403-8	Employees who fall under a health and safety management system	No data available	
GRI 403-9	Work-related accidents	During 2022, the company emergency response team was called upon eight times. No workplace accidents occurred in 2022.	
GRI 403-10	Work-related health problems	No data available	
GRI 404-1	Average number of training hours per year, per employee	No data available	
GRI 404-2	Programmes for improving employee skills and transition programmes to ensure a smooth transition upon termination of employment	A Learning and Development department has been set up within PGGM, which is aimed at advising and supporting employees and management in attending training courses in the field of knowledge, skills and competencies. This with a view to improving sustainable employability. In addition, there is the Mobility Centre. The Mobility Centre is a central location within PGGM for everyone who wants to get started with mobility, sustainable employability and being 'Fit for the Future'.	
GRI 404-3	Percentage of employees subject to regular performance and career development reviews	It is common practice for each employee to be assessed in this way, but it is not documented and therefore not measurable at this time.	
GRI 405-1	Diversity of management bodies and employees	Future-proof business operations	51
GRI 405-2	Ratio of base salary and the remuneration of women to men	No data available	
Discrimination			
GRI 406-1	Instances of discrimination and corrective actions in response	Future-proof business operations	51
GRI 407-1	Activities and suppliers by which the right to freedom of association and collective bargaining may be compromised	Part of the SRP guidelines	
Child labour			
GRI 408-1	Activities and suppliers with an increased risk of child labour incidents	Part of the SRP guidelines	
Forced labour			
GRI 409-1	Activities and suppliers with an increased risk of forced labour incidents	Part of the SRP guidelines	
Local community			
GRI 413-1	Activities involving the local community, impact assessments and development programmes	Future-proof business operations	53
Suppliers			
GRI 414-1	New suppliers who have been screened against social criteria	Future-proof business operations	55
GRI 414-2	Adverse social impact in the supply chain and actions taken	Part of the SRP guidelines	

Indicator	Description	Source or explanation	Page
Privacy			
GRI 418-1	Substantiated complaints about violation of privacy and loss of customer data	No substantiated complaints have been received about breaches of customer privacy and/or loss of customer data. Reports about privacy violations are handled in accordance with the GDPR requirements for data breaches, including the obligation to report to the Dutch Data Protection Authority (AP).	

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 will be made following the adoption of the financial statements showing that such distribution is warranted.
- 35.2 The profits will be at the free disposal of the General Meeting of Shareholders.
- 35.3 On the recommendation of the Executive Board, the General Meeting will 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 Article 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

Address

PGGM N.V.
Noordweg Noord 150
3704 JG Zeist

PO Box 117
3700 AC Zeist

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

Executive Board

Edwin Velzel (CEO)	Willem Jan Brinkman
Chief Executive Officer (CEO)	Chief Financial & Risk Officer (CFRO)

Auditors

PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam

PO Box 90351
1006 BJ 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

Members	Start of first term	End of first term	Start of second term	End of second term
Marjanne Sint (<i>Chair</i>)	01/04/2018	31/03/2022	01/04/2022	31/03/2026
Henk Broeders (<i>Vice Chair</i>)	01/11/2018	31/10/2022	01/11/2022	31/10/2026
Françoise Dings	12/05/2022	11/05/2026	N/a yet	N/a yet
Eric de Macker	01/10/2015	30/09/2019	01/10/2019	01/10/2023
Jan van Rutte	17/05/2017	16/05/2021	17/05/2021	16/05/2025
Doede Vierstra	13/06/2021	12/06/2025	N/a yet	N/a yet

Regulation of the Articles of Association:

Article 23(1) of the Articles of Association of PGGM N.V. stipulates that a supervisory director will step down no later than the date of the first General Meeting held after the end of four years following his or her last 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 business operations consultancy)

Executive and supervisory positions

- Chair of the Supervisory Board and member of the Human Resources & Organisation Committee of PGGM N.V.
- Chair of the Supervisory Board of Bergman Medical Care B.V. The Netherlands
- Member of the Corona Crisis Guidance Committee, Dutch Safety Board
- Chair of AMF steering committee of the Ministries of Home Affairs, Kingdom Relations and Defence
- Chair of the Supervisory Board of Stichting Open Nederland
- Associée AEF

Henk Broeders (1964)

Nationality: Dutch

Main position: Supervisory Director/Supervisor

Executive and supervisory positions

- Member of the Supervisory Board (Vice Chair) 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 Hospital
- Chair of Supervisory Board and member of Stater N.V. Audit Committee
- Chair of the Board of Stichting Hanarth Fonds
- Chairman of the Board of Stichting Steun Amsterdam UMC Alzheimer Centrum
- Director Broeders Board Services
- External advisor McKinsey & Company
- Management consultant iClusion (terminated 28/12/2022)
- Member of the Advisory Council of Stichting Zorg na Werk in Coronazorg (ZWIC) (terminated 31/12/2022)
- Member of the Advisory Council of Hersenonderzoek.nl
- Member of the Supervisory Board and member of the Remuneration Committee of Stichting Leger des Heils Welzijn en Gezondheidszorg
- Member of the Investor Advisory Committee of Aescap (started 07/2022)

Françoise Dings (1968)

Nationality: Dutch

Main position: Chief Strategy & Transformation at Royal Flora Holland

Executive and supervisory positions

- Member of the Supervisory Board of PGGM N.V.
- Member of the Supervisory Board of Spaarne Hospital in Hoofddorp/Haarlem
- Member of the board of Hortipoint publishing company

Eric de Macker (1960)

Nationality: Dutch

Main position: Partner at VOOR B.V. (job placement)

Executive and supervisory positions

- Member of the Supervisory Board and Chair of the People and Organisation Committee of PGGM N.V.
- Vice Chair of the Supervisory Board, Chair of the Remuneration Committee and Member of the Finances Audit Committee of Stichting Rivierduinen GGZ
- Member of the Advisory Council of Dutch Association of Occupational Consultants

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.
- Member of the Supervisory Board (Deputy Chair) and member of the Audit Committee of BNG Bank N.V.
- Member of the Board of ABN AMRO Foundation (terminated 06/2022)
- Member of the Supervisory Board of Stichting Health Center Hoenderdaal

Doede Vierstra (1958)

Nationality: Dutch

Main position: Managing Director of Phoibos Finance B.V.

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 of Stedin Holding N.V.
- Chair of Audit Committee and Board Member of Stichting Nyenrode
- Chair of the Supervisory Board of KNGF Geleidehonden
- Member of the Supervisory Board and Chair of the Audit Committee of Leiden University Medical Centre (LUMC)
- Treasurer and Board Member, Stichting Hermitage a/d Amstel (Amsterdam)

Ancillary positions held by members of the Executive Board

Edwin Velzel (1963)

Nationality: Dutch

Main position: Chief Executive Officer of PGGM N.V.

Executive and supervisory positions

- Chair of the Executive Board of PGGM N.V.
- Chair of the Supervisory Board of PGGM Vermogensbeheer B.V.
- Member of the Supervisory Board of Klaverblad Verzekeringen (until 7 April 2022)
- Member of the Supervisory Board of Gelre Ziekenhuizen
- Chair of the COVID care expert team in hospitals (01/2022 to 06/2022)
- External advisor to Coordination and Acceleration Team of the Comprehensive Care Agreement (01/07/2022 to 02/09/2022)
- Director of Stichting Healthcare4Ukraine

Willem Jan Brinkman (1973)

Nationality: Dutch

Main position: Chief Financial & Risk Officer PGGM N.V.

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 the Investment Advisory Committee of FNV (terminated 12/2022)