

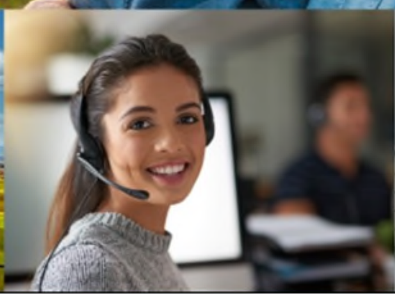

Annual report PGGM Vermogensbeheer B.V.

PGGM

2023

Contents

Part 1 Board Report

In the Board Report we tell you about our organisation and our strategy. PGGM Investments aims to be and remain the best 3D investor for PFZW. In the following chapters we will tell about the diversity of people that work at PGGM Investments. We will describe how we strive for maximum value creation for PFZW, over 2023 we realised a performance of 8,8% on their assets. We provide an overview of our different programmes that help us create future-proof business operations and explain why we focus on innovation and data driven research.

The fiduciary role is changing, with increasing demands being made by the legislator, beneficiaries and society. Beneficiaries are increasingly stressing pension funds to reflect upon the impact their investments are having on the world. We continuously assess and develop our own ability to measure all investments against the 3D yardstick: return, risk and sustainability. The balance between these three outcomes is important and we are implementing this throughout our investment process.

We strive do this by combining the right people, expertise and technology to manage the assets of our clients. In 2023, we have set further steps in developing our capabilities to measure and steer the impact of our investments.

We are PGGM Investments

By the end of 2023, PGGM Investments managed a total of over €240 billion in assets. We invest the collective pension assets under our management in pursuit of a high and stable return with an acceptable level of risk and, more and more, with a sharp eye on the sustainability of our investments.

Message from the board of directors

2023 was the year in which we prepared our organisation for the realization of our joint strategic ambition with Stichting Pensioenfonds Zorg en Welzijn (PFZW) for 2030: creating long term value for people and the environment, in addition to good financial results.

Sustainable portfolio

First of all, we aimed to formulate a sharp and supported definition of 3D investing, the investment approach used to realise our ambition, so every investment position in our portfolio can be justified from the following three dimensions: return, risk and sustainability. We developed preconditions, sustainability standards and criteria for a well-formed portfolio, starting with prototypes for public equities and credits.

Sustainable investing

To be able to dedicate a portion of that portfolio to sustainable investing we determined sustainability and transition themes, and established measurable sustainability goals, partly based on participants preferences of PFZW. We also developed two new mandates for PFZW. The Climate and Energy Transition Solutions Mandate helps us make more sustainable investments for PFZW when it comes to climate. The Global Credits Sustainable Core Mandate provides the opportunity to select the best 3D investment opportunities across the entire credit universe.

Future proof organisation

The transition to a 3D investment organisation not only affects our key investment model, but also the investment process, our operating model and the people we work with. New technology, new data sources and a new way of working will support us in our goal of reaching the best possible investment decisions for PFZW.

In 2023 we took many steps to enhance our IT capabilities, data platform and analytics platform. We made a start on moving all applications to the cloud and on building data & cloud engineering capabilities to support the ambitions for data-enhanced investment management. Based on Strategy 2030 we developed a new data-architecture that enables us to make the best use of data in our investment process, to be more agile and more scalable.

We developed a new leadership-program to place emphasis on qualities such as decisiveness, actionability, and foster a climate that encourages innovation. To achieve our ambition to be the best 3D-investor for PFZW.

Exclusively for PFZW

In 2023 we also marked a significant milestone regarding our goal making PGGM Investments a single client organisation. In 2023, this was successfully accomplished within our public market portfolio. All new investments we make in public markets are exclusively for PFZW. Our goal is to work exclusively for PFZW across all asset classes.

Laws and regulations

The new pension law was approved by the Senate in May 2023, which imposes the obligation to transition to the new pension scheme before January 1st 2028. In 2022, it was still unsure whether preparations for the solidarity and/or flexible premium scheme would be necessary.

The implementation of the new pension law is a big project within PGGM, combining expertise from all units including Investments. Progress of the project in 2023 was in line with our planning. PGGM Investments is in continuing dialogue with the Dutch regulator on the progress of this project. In 2023 we decided to prepare for the implementation of the solidarity premium scheme and the necessary system adjustments.

We continued to operate under the AIFMD license with a MiFID top-up, obliging adherence to MiFID II regulations and regarding the rising ESG related regulatory requirements we implemented the more detailed Level 2 of the Sustainable Financial Disclosure Regulation (SFDR).

Financially stable

Financially, 2023 was a stable year. Operating revenues were higher despite lower revenues from other pension funds besides PFZW, which by the end of 2023 were no longer participating in PGGM public markets funds. Operating expenses increased in 2023 due to higher employee expenses and higher costs of outsourced work, mainly as a result of the company focusing on preparations for the implementation of our joint 2030 strategy. Partially transitioning to a single client organisation did not yet lead to the automating and simplifying of processes, and thus cost savings. The increases in expenses were partly offset by positive interest results. In the end our bottom-line result was lower than in 2022, but in line with budget expectations.

Chapter 1: Organisation

PGGM Investments is facing several challenges. In order to be able to meet these challenges we need to organise ourselves accordingly. We must become 'future proof'. We will achieve this by creating a more agile and manageable organisation, while limiting execution costs and by healthy business operations. We embrace the opportunities offered by new technologies and our goal is to optimise our processes and digital systems. Additionally, we invest in high-quality teams that are aware of their responsibilities and experience PGGM Investments as being a great place to work.

1.1 PGGM Investments as a company

We provide advice to PFZW on the implementation of the investment policy and management matters, e.g., selection and monitoring of external managers and internally managed portfolio's. As an asset manager we invest the pension contributions of several pension fund clients, of which PFZW, the pension fund for Dutch healthcare workers, is the largest.
We invest in, among other asset classes, shares, bonds, private equity, infrastructure and real estate. Our investment teams are primarily responsible for managing these asset classes. In addition, the Investment Management organisation includes Risk Management, Tax, Legal & Regulatory, Operational functions such as Investment Reporting and a Responsible Investments team. For more details regarding our group structure, AIFM license and statutory objectives, please see Appendix 1. PGGM Investments uses a wide range of suppliers in order to provide its services to its clients, the most relevant suppliers are: custodians, brokers, external asset managers, clearers, banks, suppliers of financial and ESG data, legal and tax advisors, accountants and suppliers of specific IT systems used in asset management. More information about PGGM and the investments we make can be found online https://www.pggm.nl.

We strive for a high level of quality in our work in order to achieve our and PFZW's ambitions. That is why the various asset classes are managed by specialised investment teams at PGGM Investments. PGGM Investments manages 100% of the portfolios of PFZW. We have a few remaining clients with participations in two investment funds. Around 57% of the value of the assets are managed by leading external managers worldwide, selected by and under the supervision of and monitored by our own specialists.

Responsible investment is an integral part of our execution. PGGM Investments is convinced that contributing to a sustainable world is an essential part of building a valuable future – not only to fulfil our wider social responsibility and to comply with laws and regulations or other standards, but also to ensure financial results.

We consciously take Environmental, Social and Governance (ESG) factors into account in our investment activities. PFZW set requirements for companies and sectors in which we invest. We don't invest in companies that do not meet these requirements. Furthermore, we invest part of our investments in companies that contribute positively to the Sustainable Development Goals (SDG) adopted by the United Nations in 2015 as a universal tool to achieve a better and more sustainable future worldwide. In the investment portfolio we focus specifically on SDG 2 (food security), SDG 3 (health), SDG 6 (water security), SDG 7 (affordable and sustainable energy), SDG 11 (sustainable cities and communities), SDG 12 (responsible production and consumption) and SDG 13 (climate action).[1]

Our mission

Our mission is to ensure that PGGM is and remains the best 3D investor for PFZW.

Strategy 2030

Increased legislation and regulations as well as technological possibilities and changing demands from beneficiaries, employers and social partners posed major challenges on the organisation. With this in mind, PGGM Investments has been preparing for the future and has agreed upon a joint strategy with PFZW.

During 2023 we set steps in translating this vision into an actionable strategy. We did this in close cooperation with PFZW. We delved deeper into the core objective for our asset management activities: sustainable value creation. By this, we mean asset management aimed at generating good financial returns through long-term value creation, with a positive contribution to society and the environment. To successfully deliver on our promises to beneficiaries, we will have to transition to a 3D investment organisation, balancing risk, return and sustainability objectives. This fundamental change will affect our key investment model, the governance and client model, as well as the people and operating model.

For all five models, we set goals in 2023, outlined the timelines, identified interdependencies, assessed risks, and defined the deliverables. Looking ahead, this can help us steer our organisation towards executing our joint strategy in close collaboration with PFZW.

Sustainable Investment Policy Committee

PGGM Vermogensbeheer B.V. (PVBV) and PGGM Strategic Advisory Services B.V. (PSAS) have established the Sustainable Investment Policy Committee (SIPC) to manage sustainable investment policies. SIPC, a joint committee, facilitates preliminary decision-making and issue escalation within the investment management chain. Its purpose includes aligning PVBV and Advies Vermogensbeheer Committee (AVC) with client preferences, overseeing sustainable investment policy development, and managing reputation and communication issues. SIPC

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1 At the end of 2023 20.1% of the PGGM investment portfolio contributed to the SDG's (2022 %). See the taxonomies for determining whether an investment contributes towards an SDG here.

consists of voting members like the CIO and non-voting members like Risk. Decision procedures, meeting frequency, and documentation protocols are detailed, with the aim of ensuring a thorough and transparent process for sustainable investment policy implementation.

One of the policies the SIPC discussed recently was the Sustainability Standards framework. The Sustainability Standards framework indicates aspects for mapping positive or negative impacts of the investment portfolio. All investments need to be assessed against these aspects, considering relevance and materiality. For instance, 'hazardous waste' may be less relevant for mortgages than for listed stocks. The measurability of these aspects is crucial for effective steering, with data availability and quality playing a key role, expected to improve over time. The 3D investment strategy of PFZW and PGGM aims to integrate risk, return, and sustainability considerations. The framework shapes the investment universe, alongside other tools for portfolio construction. Acknowledging current limited data quality, the strategy entails building expertise on certain sustainability themes. Given the complexity, initial implementation will focus on learning, monitoring, and gaining experience before enforcing strict policies. The journey towards the 2030 ideal state will require caution, learning, and adaptive strategies.

Investment Management developments

For our Strategy 2030 the first steps were made in 2023 on a route to the 3D investment portfolio. A new mandate was created for investments in private companies with Climate and Energy Solutions. In addition to that a 3D credit mandate was set up. In the future all asset classes will have portfolios managed along all three dimensions.

The preparations for the new pension contract are in full swing. In 2023 the investment policy we will use as from 2026 (the year of implementing the new pension contract) was worked out. The new investment policy tackles many new challenges, like: What will happen with the allocations, hedges, rebalancing etc. and what does this mean for the operational processes? Is the desired investment portfolio attainable then and which steps should PFZW already take before 2026 in order to be able to have the preferred mix?

Due to the sharp interest rate rise in 2022 there have been major rebalancing flows from equity to the interest rate hedge. Because private market investments are more illiquid and are not part of the usual rebalancing flows the actual allocation to private market investments had risen above their strategic allocation. In the 2023 we managed to bring back the allocation to private market investments closer to the strategic allocation, via the sale of existing investments and by restraining new investments.

PGGM Investments		
Client	AUM per 31-12-2023 (in billion)	AUM per 31-12-2022 (in billion)
PFZW	€ 237.9	€ 217.6
BPF Schilders	€ 0.4	€ 7.5
PF Architecten	€ 0.2	€ 0.4
SPH	€ 1.5	€ 1.7
Smurfit Kappa pf	€ 0.1	€ 0.1
BPF Beveiliging	€ 0.3	€ 0.5

Our clients

During 2023, PGGM Investments managed pension assets of six pension funds: Pensioenfonds Zorg en Welzijn (PFZW), Stichting Pensioenfonds voor Huisartsen

(SPH), Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (BPF Schilders), Stichting Pensioenfonds Smurfit Kappa Nederland, Stichting Bedrijfstakpensioenfonds voor de Particuliere Beveiliging and Stichting Pensioenfonds voor de Architectenbureaus (PF Architectenbureaus).

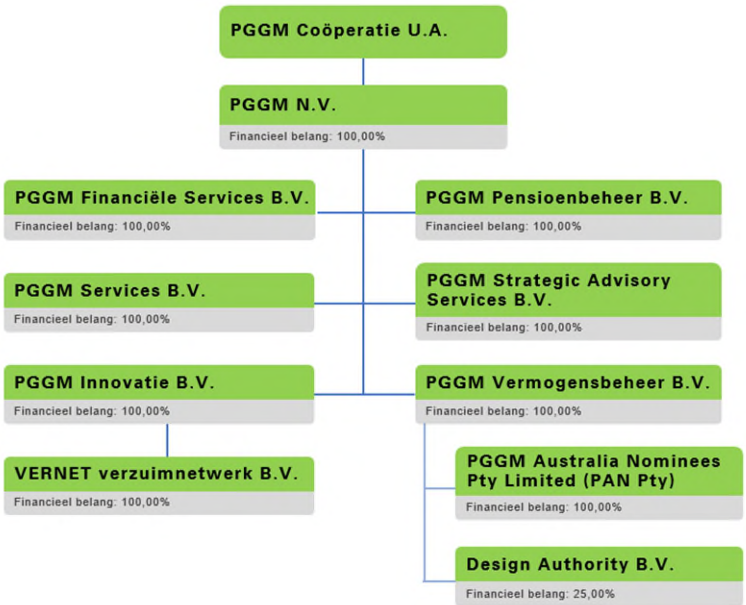
The assets under management at PGGM Investment Management during 2023 grew, with € 12.6 billion compared to the end of 2022, to the total of €240.4 billion (2022: €227.8 billion). The portfolio result over 2023 was € 18.3 billion euros, mainly driven by rising stock markets and lowering interest rates. For PFZW we realised a performance of 8,8% on their assets.

Following a decision of PFZW to implement their own discretionary mandates, PGGM decided to focus exclusively on investment management for PFZW. The end of 2022, PFZW and PGGM decided on a joint strategy 2030, in which PGGM Investments will work dedicated for PFZW. During 2023 all public market funds gradually transitioned into single client portfolios. Starting 2024, all investments we do in public markets are exclusively for PFZW. This marks a significant milestone in making PGGM Investments single client.

Regarding the private markets, we are now taking the next steps. Following up on earlier discussions with participants in our multi-client private funds, efforts are being renewed after the completion of public transitions to revitalize these conversations. Achieving single client status in private markets remains a priority for the future, as this is required to achieve the 2030 strategy established together with PFZW.

Group structure

The company belongs to a group. At the head of this group is PGGM Coöperatie U.A., registered and located in Zeist. All shares in PGGM Investments are held by PGGM N.V. In turn, all shares in PGGM N.V. are held by PGGM Coöperatie U.A. The company's annual accounts are included in the consolidated annual accounts of PGGM N.V. and PGGM Coöperatie U.A. both available on the website of PGGM. The following figure shows the legal structure of PGGM Coöperatie U.A., PGGM N.V., its subsidiaries and other participating interests (PGGM group) as at 31 December 2023.



Chapter 2: Our people

Our people are our most important asset. That is why at PGGM Investments, our goal is to make sure that our employees enjoy their work and feel appreciated. To attract, retain and develop talent, we are continuously working on creating an inspiring, innovative and inclusive work environment.

2.1 Our organisation in numbers

As a company, PGGM Investments has no employees. PGGM Investments utilizes the staff services provided by PGGM N.V., including Compliance, Internal Audit, Enterprise Risk Management, Finance, IT, and HR. As of 31 December 2023, the number of staff working for PGGM Investments amounted to 501, showing an increase from 494 as of December 31st, 2022. The number of FTE is higher than the headcount at PGGM Investments, since more people work more than 36 hours a week (equivalent to one FTE) than people work part-time.

PGGM Investments - our people				
Total amount of people employed	**2023 Headcount**	**FTE**	**2022 Headcount**	**FTE**
PGGM Investments	501	521	494	509
Distribution by gender				
Male	379	76%	369	75%
Female	122	24%	125	25%
Total	**501**	**100%**	**494**	**100%**
Distribution by gender - management				
Male	30	73%	29	76%
Female	11	27%	9	24%
Total	**41**	**100%**	**38**	**100%**

Our management

Our leadership structure comprises of the Board of Directors, department managers, and team managers.

PGGM Investments is managed by a five-member Board of Directors. The management team, under the leadership of the Chief Investment Management, shares collective responsibility for the entire business. Within this collective responsibility each director has his/her own focus area.

Board of Directors PGGM Investments	
Name	**Function**
Geraldine Leegwater	Chief Investment Manager (chair)
Frank Roeters van Lennep	Chief Investment Officer*
Arjen Pasma	Chief Fiduciary Investments
Erik van de Brake	Chief Transformation Officer
Danny Slots	Chief Financial & Risk Officer Investment Management

* Frank Roeters van Lennep resigned as CIO as of January 1st 2024.

2.2 People Model

As part of our strategy program 'Strategy 2030', the board of Investments started five business projects aiming to become the best 3D investor in 2030. One of these projects is the People Model. The People Model focusses on four integrated goals. First, we are dedicated to fortifying our market position as an appealing organisation that leads in integrating financial and social returns for PFZW participants and society. Second, we are committed to evolving our culture, placing emphasis on qualities such as decisiveness, actionability and fostering a climate that encourages innovation. Third, we are intensifying our 3D knowledge through the collaboration with external partners via an outside-in perspective and create a 3D development program to further embed the implementation of our investment beliefs into our day-to-day operations.

2.3 Diversity, Equity and Inclusiveness

Our diversity policy is now ready for the next step. First our focus was primarily on diversity and inclusion, in 2023 we realised that this alone is not sufficient; equality is also essential for a successful DEI (Diversity, Equity, and Inclusion) policy.

- **Diversity**: Everyone brings diversity. It involves introducing a different perspective – a mix of differences in gender, age, experience, neurodiversity, employability, ethnicity, and so on.
- **Inclusion**: Inclusion is essential to safeguard diversity and involves creating space for and acknowledging differences.
- **Equity**: This is the foundation for inclusion. Equal treatment and equal pay for equal work are the keys. It is about recognizing that someone does not have to be the same but is equally 'valuable' and has equal rights.

The above adjusted policy resulted in several actions linked to our vision (workshops, development of management program and more). PGGM Investments aims to performs increasingly well on the topic of cultural diversity. We attract employees from around the world and the day-to-day language will gradually be more and more English for the PGGM Investments professionals in 2024 and onwards. Nonetheless, we still face challenges on gender diversity and equality. At the end of 2023, 24% of the working force of PGGM Investments were women. During 2023, the percentage of women in management positions increased with 3% to 27% (21% at the end of 2021 and 24% at the end of 2022). We aim to increase the percentage of women in management positions to one third of the total management in 2024. Our ambition is to have 50% women in management positions in 2030. We do this, for example, by actively offering open vacancies to potential female management-talent and writing (management) job advertisements that appeal to women. Our policy is that when there is equal eligibility for a vacant management position and we have the choice between a woman and a man, to choose a woman. The percentage of women in positions scale 11 and up was 20% by the end of 2023 (18% by the end of 2021, 19% by the end of 2022). PGGM Investments pursues a recruitment and selection process in which we try to ensure that at least half of the future candidates for management positions are women. We aim for a balanced distribution of seats in our Board of Directors, as laid down in the Dutch Corporate Governance Code (at least 30% of seats are held by women and at least 30% by men). In the current composition we do not achieve this yet, 20% of the seats of the Board of Directors of PGGM Investments are held by women (1 out of 5 seats).

2.4 How we remunerate our people

The employees who work for PGGM Investments are employed by PGGM N.V. and are therefore subject to PGGM N.V.'s remuneration policy. Our remuneration policy aims to foster good employment practices. We believe that good employment practises are characterized by prudence, oversight and sustainability aligning with our strategy, risk appetite, cooperative objectives (including ESG) and core values. The clients' interests are key and the long-term interests of PGGM Investments and relevant laws and regulations are considered. The renumeration policy is compliant with the stipulations outlined in the Financial Supervision Act (abbreviation in Dutch: Wft).

Responsible remuneration policy

Our objective is to maintain healthy financial business operations while being mindful of our societal responsibility. Our policy objective is to remunerate at the median of the appropriate reference markets. These reference markets for PGGM Investments are the Dutch asset management market and the back- and mid- office market of Dutch asset managers. Periodically, PGGM Investments assesses its internal remuneration levels against these reference markets as part of our benchmarking process.

One-year Variable Income

We use one-year variable income only for employees working in a front-office position in the investment chain. This type of variable income is capped at 20% of the base salary of an employee. Other employees are not eligible for this type of variable income. Annually, each front office employee is required to create a target sheet outlining measurable performance agreements. The target sheet prepared must include at least one measurable ESG-target.

Deferred Variable Income

In addition to the one-year variable income, employees in front-office positions have the option of receiving deferred variable income (DVI) as a long-term incentive. The pay out of DVI occurs after a multi-year deferral period following the year in which the key performance indicators (KPIs) related to earning the DVI are met. The annual DVI to be granted is capped at a maximum of 80% of the employee's base salary. Both the KPIs for the one-year variable income and DVI must align with the goals of the clients, PGGM Investments, the business unit and the department, and must be based on at least 50% non-financial criteria.

Collective Labour Agreement

It was mutually agreed upon with the trade unions in the CLA for 2022 and 2023 that salaries would undergo a collective increase of 2.75% in July 2023. By the end of 2023 a new CLA was agreed for 2024, with a salary increase of 6,7% and a full thirteenth month.

Gratuity

Employees without any individual variable income may receive a bonus in recognition of exceptional dedication and/or performance.

Remuneration in figures

The table shows the remuneration paid out to our employees in 2022 and 2023. The remuneration policy can be found on PGGM Investments' website.[2]

Variable remuneration paid out (x €1,000)		
Distribution of variable remuneration per type	**2023**	**2022**
One-year variable remuneration paid out *	5,681	5,069
DVI paid out **	1,023	867
Gratuity paid out	101	66
Total amount of variable remuneration paid out	6,805	6,002

Number of variable remunerations paid		
Distribution number of variable remunerations paid	**2023**	**2022**
One-year variable remuneration	287	257
DVI	30	26
Gratuity	34	21
Total number of variable remunerations paid	351	304

* This concerns paid one-year variable remuneration that relates to the previous financial year. Therefore, one-year variable remuneration paid in 2023 relates to performance year 2022 and one-year variable remuneration paid in 2022 relates to performance year 2021** Amounts do not include pension and social security contributions.

[2] The Wft and the Bgfo Wft (Section 1:120(2)(a)) stipulate that the directors' report must mention any employees who received more than €1,000,000 in remuneration. No employee received more than €1,000,000 in remuneration in 2023.

Average amount of variable remuneration paid (x €1,000)		
Distribution per variable remuneration	**2023**	**2022**
One-year variable remuneration	20	20
DVI	34	33
Gratuity	3	3

The sharper remuneration increases between 2022 and 2023 for senior management compared to that of employees, can be explained by the fact that three new directors were appointed during 2022. Therefore 2022 lacks 11 months of salary for senior management compared to 2023.

2022					
Amounts paid out in 2022 (x €1,000,-)	**Fixed remuneration**	**Employer's share of social insurance and pension costs**	**Variable remuneration**	**Total remuneration**	**Number of employees**
Senior management	1,790	173	277	2,240	6
Employees with a significant influence on the risk profile	32,898	6,275	4,487	43,660	221
Other employees	20,310	5,304	1,239	26,853	257
Total remuneration paid out	54,998	11,752	6,003	72,753	484

2023					
Amounts paid out in 2023 (x €1,000,-)	**Fixed remuneration**	**Employer's share of social insurance and pension costs**	**Variable remuneration**	**Total remuneration**	**Number of employees**
Senior management	2,075	206	377	2,658	6
Employees with a significant influence on the risk profile	35,764	7,218	4,224	47,206	229
Other employees	21,488	5,987	2,204	29,679	277
Total remuneration paid out	59,327	13,411	6,805	79,543	512

Chapter 3: Risk management

Our risk management building blocks distinguish between our client's investment related risks and PGGM risks. For this report the core focus will be on the latter. Annually the risk appetite is evaluated in order to ensure that the various risks are within the aimed exposure limits. Within our risk framework, risk appetites lay the foundation for decision making and are incorporated into the framework, forming an active as well as a conscious risk culture. The following chapter provides an introspective view on our top of mind risks in 2023.

The Risk Framework/Policy of PGGM equips us to both structurally and periodically monitor risks, consequently providing insights for balancing between risk and reward, decision making and reporting. PGGM's Risk Framework/Policy is based on the COSO Enterprise Risk Management methodology, which is integrated into our strategy and performance metrics. Operating through the widely accepted 'Three Lines Model', counterbalancing risk profile, risk appetite, risk capacity along with performance. Business line (first line) generates, owns and manages risks, as their inherent responsibility. Risk managers and compliance (second line) specialize in risk management, contributing to day-to-day oversight, monitoring and reporting, supported by countervailing power. Internal Audit (third line) conducts a periodic and independent oversight and assurance.

3.1 Risk appetite and culture

3.1.a Risk and risk appetite

In order to realise our objectives, we are aware that every decision we make potentially has both known and/or unknown risks. Our risk appetite determines our risk tolerance, policies and our procedures guide risk acceptance and conversely risk avoidance. Management measures are taken to control risks that are or may exceed our risk tolerance margins, ensuing risks within risk appetite boundaries.

Conventionally we aspire to preserve a 'low' risk appetite notwithstanding some risks substantiate a distinctive risk appetite. Annually a systematic integrity risk analysis (SIRA) is conducted. Designated as a measurable process towards the identification and assessment of our risk governance, concerning amongst others risks of possible fraud, bribery, and corruption. Proactively debating centralized or decentralized governance structures across divisions, for agility purposes.

Risk management performs a quarterly risk evaluation, to safeguard predetermined risk tolerances. If operational incidents and/or other disruptions occur, root cause analyses administer insights into possible impairment control, underlying elements, together with erudition opportunities. This is concluded in a quarterly In Control Statement (ICS) which depicts our annual target.

Chapter 3.2 details both internal and external developments that had an influence on the risk profile of 2023 and/or were within risk monitoring scope. Where risks believed to be beyond desired risk limits, management measures were incorporated into the risk plan. Forming the foundation of the risk appetite, with risk mitigation measurements adjusted accordingly, where applicable.

3.1.b Risk culture and assessment

PGGM regards risk culture to be an eminent factor for adequate risk management, therefore aspires for an open, honest and risk-conscious environment. We hold each other accountable for responsibilities and results, but also reflect on behaviours in relation to our values, standards and objectives. Several internal risk culture evaluations, research and workshops resulted in improved risk culture alignment and created a more helicopter view. The annual plan written down using the Objectives, Goals, Strategies, Measures (OGSM) method guides further development. Pursuing risk management values of ownership and accountability, which translates into quantitative and qualitative results, improvements, and greater risk awareness. From boardroom to business line and across business units, risk culture and management should be consistent as well as embedded.

3.2 Key risks and uncertainties in 2023

The listing below is intended to provide a detailed depiction of risk focus areas of 2023, divided in three risk clusters.

Risk cluster Corporate

Cyber risk

PGGMs systems remained secure in 2023, successfully preventing ransomware attacks and data thefts. However, the incidents accentuated the prominence of upholding our cyberspace security endeavours. Heightened on our watchlist are among others, risk of hackers stealing and destroying data or comprising systems. Our Cyber management measures spectrum consists of detection, prevention and response. The enhanced Investments Security Control Framework is imbedded into our security processes. PGGM has managed it more explicitly and adeptly through continuously monitoring the maturity along with the efficacy. Control measures for our cyberspace are aligned with a low-risk appetite, with policies and procedures for cyber and information security, including business continuity. The Framework aims at speed of communication as well as thoroughness of the information, both internally, towards our clients, and other stakeholders.

External Environment risk

Humanitarian crises inevitably source possibly significant consequences for both the financial, environmental as well as the capital markets. The inquiry on whether or not it could impact PGGM, we endeavour to clarify and scope impacts continuously. Our risk appetite concerning such risks is medium. Where we review various angles such as the macro-economic financial and capital markets impact as well as an environmental component which serves as a guideline for both opportunity and a risk driver. Risk mitigation measures include permanent external scanning, influencing external environment and avoiding exposure. In 2023 our concerns with regards to the global geopolitical implications elevated, among others in view of the consecutively requested diligence with regard to global geopolitical tensions, for the purpose of possibly economic ramifications from such events and in order to be able to accomplish strategic goals.

Fraud risk

Through the COSO Enterprise Risk Management methodology, PGGM created a robust integrated Control Framework for fraud risk prevention. Annually a systematic integrity risk analysis (SIRA) is conducted, a measurable process towards the identification and assessment of our risk governance, concerning amongst others risks of possible fraud, bribery, and corruption. Unauthorised payments, deals for personal proceeds, investment fraud or conflicts of interest, have not been identified which (most likely) indicates that we were able to avoid internal and external fraudulent activities in 2023. Fraud risk awareness (soft controls) continues to improve across all business units, through e-learning modules ethical statements and whistle blower policies that are communicated. To keep it top of mind, employees are requested to annually confirm that they have read, understood and agreed with our Code of Conduct.

In order to manage, monitor, and report incidents transparently and structurally, our risk framework incorporates an incident policy, which is reported to Risk and Compliance departments. In case of incidents governance communication structures are in place, with direct lines to among others, the Corporate Security Officer (CSO) and Chief Financial Risk Officer (CFRO). For instance, fraud would be classified as severe, where the CFRO may decide to construct an autonomous and non-biased Task Force for investigative and inquiry purposes. Depending on the business activity or business unit involved other board members and/or management will be engaged. This evolves e.g., fraud risk such as employees of PGGM that act misaligned with our code- of conduct in terms of behaviour and/or laws- and regulations. Our risk appetite is low, and the following risk measures are in place in order to prevent that from happening. Namely pre-employment screening, standard 3402 4-eye policy for bank related adjustments, e-learning and signed agreements from our employees with our code -of- conduct and organisation wide laws and regulations that are to be followed.

Credit risk

Credit risk arises if a counterparty cannot fulfil its financial obligations, such as management fees agreed upon with our clients. Default risk is low due to both the solid financial position of our clients and the level of regulatory supervision. Credit risk exposure entails elements of financial fixed assets, receivables, cash and cash equivalents. To limit credit risk on cash, PGGM Investments is via the holding company PGGM N.V. part of a cash pooling construction, leading to cash being deposited with both banks and money market funds. Compliant with regulatory rules financial assets are valued at fair value in the balance sheet. Furthermore, we limit counter party risk through thorough operational due diligence and monitoring, both when entering into a new business relationship and for existing business relationships. Risk appetite is medium.

Continuity risk

The continuity risk entails liquidation, failure to provide services or operate, and loss of jobs in the event of threat or interruption. Our risk framework is designed to scope the effectiveness and efficiency, of managing continuity risk in an unambiguous manner. Imbedded in our continuity policy is a one-year financial cushion reserved in order to be able to continue operations for at least a year in the event of a severe calamity. Despite the low estimated risk of the need for such reserves, we aspire to maintain this minimum equity level for capital requirement purposes as well. Elements within scope are:

- regulatory, legislative, and supervisory requirements
- working capital
- business transformation and innovation
- unexpected financial losses

Equity amounted to € 97,6 million as of 31 December 2023 (year-end 2022: € 97.4 million). The solvency as of 31 December 2023 amounted to 92,8% (year-end 2022: 92,0%) and amply meets the capital requirements. PGGM Investments does not have any loans on its balance sheet. In 2021 PGGM Investments made the decision to move towards servicing PFZW only. Our turnover in the near future will therefore be dependent on our customer PFZW. With PFZW we have a contract until the year 2026 for the agreed upon services provided by PGGM Investments. We also expect positive financial margins in our multi-year forecast.

In pursuit of our single client (PFZW) strategy multiple endeavours and developments lead to progressions in both our relationship and joint strategy. We continued to work on our relationship, were we aim at continuous progression. Below we describe additional hedging strategies and monitoring measurement metrics, to warrant minimum equity level assurance:

- an insurance should cover attributable errors in our services in the event of potential claims from our clients. Possible claims are covered comprehensively, through contractually aligning our possible financial exposure to the client with our insurance limit.

- Contributions to equity through customer fees are monitored based on minimum margins on both business unit and holding level, which were positive in recent years.

For the impending year (2024), we do not expect new and/or significant risks that could have a material impact or have our continuity risk compromised.

Regulatory risk

Continued endeavours were necessary to remain compliant with market supervision laws and regulations applicable to PGGM Investments. Please see chapter 3.3.b for more information.

The Legal Committee reviewed new legislations and/or amendments that could have an impact on PGGM. The Legal Committee reported quarterly to the Board of Directors. For laws and regulations, we uphold a low-risk appetite hence we have various control measures and policies in place. Ranging from Tax, Legal & Regulatory, Shareholder Litigation, Compliance, Asset Management, and regulatory communication obligations.

Policies ensure that legal specialists are engaged in both new and amended asset management contracts. Both internal and external transactions on markets are validated in accordance with investment guidelines. PGGM conducted a thorough business relationship check for both new and existing relationships, which will be monitored and adjusted continuously where needed, in accordance with laws, regulations, sanctions and exclusions. This evolves e.g., laws– and regulation risks for which we have a low-risk appetite, and the following risk mitigation measures, business monitoring from compliance teams, legal & regulatory specialists advising on both current and/or upcoming changes, a Legal Committee, etc.

Financial risk

PGGM Investments had (and still has) a healthy financial position. Total costs developed without significant deviations in line with the budget and the forecast. The risk appetite is medium, where close attention is given to align budgets with strategic long-term goals. The investment portfolios are managed on behalf of and at the risk of our clients. This means that the financial risks arising from these investment portfolios have no direct impact on the financial position of our organisation. The capital and liquidity position held over 2023 is considered sufficient according to DNB.

Human Resources risk

The “tight” labour market continues to generate challenging times hence, our expanded HR endeavours were extended in 2023. On strategic grounds fostering human capital is a prominent priority for PGGM therefore, amplified undertakings were put into execution.

A mid-level risk appetite for HR risk is reinforced with numerous control measures. Recruitment, selection, remuneration, performance & development policies, and a products & services catalogue, to name a few. Furthermore, reflective initiatives enlightened the need for extra attention with regards to knowledge and skills for modelbuilding, maintenance, and development. Progress is monitored by model specialists. This involves risks that could lead to PGGM not being able to have sufficient and quality employees for the purpose of accomplishing strategical organisational goals.

Risk cluster Service

Process (run) risk

We are exposed to operational risks in the performance of our clients' assignments. In order to mitigate these risks, PGGM Investments has structured its processes in such a way that it is demonstrably in control. PGGM Investments issues Standard 3402 and 3000 reports on its asset management services. The independent auditor PricewaterhouseCoopers Accountants N.V. examined our key controls and issued an unqualified assurance report for 2023.

In 2023 operational process specialists reviewed numerous processes, assessing various necessitates such as risk appetites, risks, management measures, systems, laws and regulations. Reviewing the processes from multiple angles with distinctive management measures for explicit process components, further improves our supervision abilities and amplifies agility.

Furthermore, we thoroughly examine incidents centrally, in order to clarify whether or not it could have been prevented and/or how we can prevent such events, looking forward. Through appraising the involved components and impacts, e.g., in case in analyses it delineates that IT systems played a pivotal role and/or significant IT changes are made, such as moving systems to the cloud, internally referred to as '’the modern workplace’’. Multiple cross-functional experts will be involved while answering the question '’are there (any) changes needed, when aspiring towards prevention, looking forward?’’ In this particular example, among others team members involved could be from IT-departments, the designated business team, enterprise risk management team, data, external management, etc. Where results could be adjusting mitigation measures, components that are ramified with the interactivity between humans and IT-system, and/or contractual agreements with external parties. In 2023 we conclude that we did not experience any major incidents. Risk appetite is low for both process run and process run IT, due to possible reputational risk and/or not being able to function as a business. Leading to risk mitigation measures such as having a three-line risk management framework, data quality guidelines, protection protocols for sensitive data.

Model Risk

At the end of 2023 there were 6 models used by Investment Management which were not fit for use. Two are used for the preliminary valuation of Private Equity for its clients. The risk of using these models is that the preliminary valuation deviates too much from reality and changes need to be made to the annual report of the clients later. Investment Management consults experts to estimate the preliminary value of Private Equity. The risk is therefore managed.

The other models are the SFDR and greenhouse gas (GHG) models. The risk is that incorrect information is reported due to model risk. Given reporting requirements based on best effort, this is Investment Managements best effort. Other risks, especially that there are no reliable data available, are larger risks for incorrect information than the model risk. For model risk we have a low-risk appetite and set model policies incl. back testing as risk mitigation techniques.

Business risk

We have a medium risk appetite with regards to business risk, in order to be able to accomplish strategical organisational goals and also be able to adjust to possible changes in an agile manner. Some risk mitigation measures involve, service level agreements, multi-year policy plans, monitoring cost and quality in conformity with agreements that we made with our clients.

PGGM Investments ensured that it maintains sufficient capital to manage its risks and conforms to a low-risk appetite. The company aimed to maintain capital levels well above the minimum required, and liquidity levels are comfortably above the required levels. For 2023, DNB's conclusion was that the capital level and liquidity position calculated by PGGM Investments were sufficient.

As a result of mainly fixed fee agreements with clients, there is limited risk of shrinkage of revenues. As part of our client strategy and therefore anticipated, revenues declined in 2023. The financial effects of several clients leaving have been taken into account in the multi-annual plan. Profit margins remained positive. Reduced AuM and fees had no significant impact on the capital threshold requirements therefore we consider the capital buffer as prudent.

The risk appetite is Low. Risks that could have a financial impact were evaluated comprehensively and in accordance hedge measures are put in place. Such as, liability agreements with clients, ranging impairment insurance policies, and an equity cushion, as part of the Own Funds Policy. Adequacy of these measures have been tested in scenario simulations.

New Pensions System

The pension reforms and its main principles may have moved towards increased uncertainty concerning the new pension law due to the 2023 Dutch general elections. Questioning the impact extend, if at all, of the new pension system for Dutch pension funds. PGGM started preparations for the new pension system in 2021 for both the propositions and operations, in various future scenarios. PGGM will continue with these endeavours and will monitor the developments regarding the pension regulations closely. We have a medium risk appetite, due to among others possible negative media attention, risk mitigation measures are internal information sessions, and preparations from components of which impact analyses showed possible adjustments would possibly be needed, furthermore we closely follow political progressions for which we include impact analyses if deemed applicable.

Risk Cluster Reputation

Reputation and Stakeholders risk

PGGM proactively monitored media exposure of both clients and PGGM periodically, overseeing and mitigating reputational risks as well as acting on opportunities. In order to manage risks comprehensively we worked closely with clients (PFZW), monitor client relationship, measure client satisfaction and scope stakeholders. A low-risk appetite formed the following management measures: active press relationship management, monitoring and interpreting media exposure; internal dynamics, internal advice and guidance to relevant stakeholders. This involves the risk that PGGM would be negatively depicted within the media coverage space, for which we have a medium appetite, among others some risk mitigation measures are, centralized incident structures, processes, and policies, privacy and cyber risk mitigation measures etc.

3.3 Compliance

PGGM Investments conducts an active policy with regard to compliance and integrity in line with its core values and is aware that culture and behaviour play an important role in the management of compliance & integrity risks. In this regard, in 2023, the compliance charter was renewed, and work began to establish and implement a compliance monitoring plan. The compliance department focuses hereby on 'hard controls' (demonstrable measures in processes and systems) in the management of these risks and the realisation of objectives and wants to incorporate 'soft controls' (factors that influence behaviour) in the process.

3.3.a PGGM Code of conduct

PGGM Investments has a great responsibility toward society to act with care, transparency and integrity. Ensuring there is clarity about how we interact with one another helps us to fulfil this responsibility. Developments around PGGM ask for a permanent assessment and, when necessary, update of the codes of conduct and agreements. PGGM has combined these updated agreements and guidelines in the PGGM Code of Conduct. The PGGM Code of Conduct is mandatory but set up to be more than a set of rules and instructions designed to maintain trust in the services it provides. Compliance with the underlying principles and criteria in the Code of Conduct offer guidance in the interaction with clients, suppliers, colleagues and society in general.

Link:https://www.pggm.nl/onze-diensten/statement-compliance-dutch-corporate-governance-code/

3.3.b Important developments in laws and regulations

PGGM Investments operates in a highly regulated sector as a licensed institution supervised by the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (DNB). PGGM Investments has an AIFM license with a MiFID top -up and therefore needs to comply with national and European legislation applicable on alternative investment fund managers who are also providing discretionary investment management services. This required continuous attention by the Board of Directors and a structured supervision on remaining compliant with the applicable laws and regulations. Below we give a summary of some developments in 2023.

Sustainable Finance Disclosure Regulation (SFDR)

On March 10, 2021, the Sustainable Finance Disclosure Regulation (SFDR) came into effect. SFDR set new, mandatory standards for disclosures regarding Environmental, Social and Governance (ESG) aspects of investments. The aim of SFDR is to provide more transparency on sustainability in a standardised and structured way, ensuring comparability and preventing 'greenwashing'. SFDR is implemented in multiple steps, of which the first wave of regulation ('Level 1') came into effect in 2021, and subsequent waves over the course of the next years.

In Level 1, we issued qualitative disclosures and classified our products according to the standards set forth by SFDR, and to the best of our knowledge at that time. We augmented our reports, as needed. For more information about the adoption of Level 1, see the PGGM VB Annual Report 2021. As of January 1 2023, financial institutions also needed to implement the more detailed level 2 requirements of the SFDR regulation, especially for products that are classified as article 8 products. In the product portfolio during 2023 we had classified 26 products as article 8. The rest of our products (8) are classified as article 6. We currently have no article 9 products.

For all products classified as article 8 we focused our efforts in 2023 on timely compliance with these requirements.

MIFID II

In 2023, PGGM Investments continued to operate under its AIFMD license with a MiFID top-up, obliging adherence to MiFID II regulations. During the summer, the AFM issued an inquiry on outsourcing, which PGGM Investments promptly completed and submitted to the AFM. Furthermore, on 3 august 2023, ESMA published guidelines on MiFID II product governance requirements on its website. Lastly, on October 3, 2023, ESMA introduced updated guidelines regarding certain aspects of the MiFID suitability test. PGGM Investments remains committed to ensuring full compliance with these changes.

DORA

The Digital Operational Resilience Act (DORA) has entered into force on 16 January 2023 and will apply from 17 January 2025. DORA aims to raise awareness of ICT risks and acknowledgement that ICT incidents and a lack of operational resilience have the possibility to jeopardise the soundness of financial entities and of the financial sector as such. DORA aims to harmonise provisions relating to digital operational resilience across the EU financial sector and sets rules on ICT risk-management, incident reporting, operational resilience testing and ICT third-party risk monitoring.

PGGM Investments falls within the scope of DORA. PGGM Investments has outsourced the majority of the ICT (risk framework) activities to PGGM N.V. to ensure alignment with the DORA obligations. Furthermore, a project has been initiated within PGGM Investments to meet the DORA requirements for ICT (risk framework) activities that are not outsourced to PGGM N.V.

Anti-Money Laundering/Counter Financing Terrorism and Financial Sanctions

PGGM Investments has in 2022 successfully introduced an updated, board approved CDD policy regarding the 'Money Laundering and Terrorist Financing (Prevention) Act (in Dutch: the 'Wet ter voorkoming van witwassen en financieren van terrorisme' (Wwft) and the Sanctions Act 1977 (abbreviation in Dutch: Sw). The CDD Policy encompasses multiple processes, for example, analysing new relations (identification, verification, risks, KYC process) as well as reviewing these parties periodically based on a risk score. This updated policy has been implemented by PGGM Investments' CDD department throughout 2022 and 2023. PGGM Investments remains committed to adhering to relevant legislation and regulations and its own policy. Also, in summer 2022, the EBA issued guidelines on the role, duties and responsibilities of AML/ CFT compliance officers and the governance of an institution. Certain requirements are set for the management board and the supervisory board. The guidelines also discuss the person who is responsible for compliance with the Wwft within the board, the tasks and responsibilities of the compliance officer. PGGM Investments has reviewed these guidelines and is in the process of implementing them within the organisation.

CSRD

In 2021, the European Union adopted the Corporate Sustainability Reporting Directive (CSRD) to enhance transparency and comparability in sustainable business practices. All major European enterprises, including PGGM Investments, are required to report for the financial year 2025 based on the European standards for sustainability reporting (ESRS). We have initiated the implementation of this legislation. During this process, we are also exploring the possibility of utilizing the consolidation exemption. This exemption would entail that the sustainability activities of PGGM Investments are accounted for at the holding level in the sustainability report of PGGM N.V. Consequently, PGGM Investments would not include a separate sustainability report in its annual report.

Market Abuse

The compliance department has critically reviewed the current system for performing obligations under the Market Abuse Regulation (MAR) and decided that it needs improvement. On the advice of the compliance department, the board of directors of PGGM Investments decided to adopt a new system for implementing these obligations, which is currently being implemented.

Chapter 4: Future proof organisation

In this chapter we elaborate on both the financial status in 2023 and on the innovative steps we made in 2023 in order to make our operations future proof. Strategy 2030 requires adjustments in both the business and the operations processes to remain future proof.

4.1 Business operations

The financial result after taxes over the period under review amounted to € 8.2 mln (2022: € 12.6 mln). Total revenue increased by € 4.0 mln in 2023, from € 175.9 mln in 2022 to € 179.9 mln in 2023. The increase in the total revenues is caused by adjustments to the fee and expansion of the services provided compared to 2022. The operating expenses of € 171.0 mln (2022: € 158.3 mln) largely relate to increased costs on employee expenses, IT costs and additional costs charged on to PGGM Investments, concerning an increase of the subscription prices of data vendors, maintenance expenses of IT applications and expenses related to the preparations for the implementation of our joint 2030 strategy. Equity amounted to € 97.6 mln as of 31 December 2023 (2022: € 97.4 mln). The solvency as of 31 December 2023 amounted to 92.8% (2022: 92.0%). The solvency is determined as the ratio of equity to the balance sheet total. On 31st of December 2023 the cash balance amounted to € 37.0 mln (2022: € 80.7 mln) and the securities balance to € 40.7 mln (2022: € 0.0 mln). The change between cash and securities balance was due to the choice made to place the regulatory fixed cost requirement amount separate into a money market fund. In 2023 the liquidity position of PGGM Investments was sufficient to cover all cash outflows from operating, investment and financing activities and there were no additional finances required. Furthermore, PGGM Investments does not have any loans on its balance sheet.

4.2 The new pension law

In 2023, it has been decided that Investment Management will first prepare for the implementation of the solidarity premium scheme and the necessary system adjustments.

For Investment Management this means concrete preparation for implementation of systems and processes while simultaneously considering related investment policy topics, such as rebalancing and liquidity.

4.3 Our focus on data, innovation and investment analytics

Data and the availability of tooling opportunities to analyse data (for example machine learning, Artificial Intelligence (AI)) is progressively growing. New techniques and new data sources offer many opportunities across the various asset classes and will support us in our goal of reaching the best possible investment decisions for PFZW. In 2023 we have taken many steps to enhance our IT capabilities, data platform and analytics platform. Here are some examples:

IT In 2023, a start was made on moving all applications to the cloud, and on building data & cloud engineering capabilities to support the ambitions for data-enhanced investment management.

Data Mesh Based on Strategy 2030 we developed a new data-architecture that enables us to make the best use of data in our investment process, to be more agile and to be more scalable. We decided to shift from a centralized approach, where the IT department delivers data products for domains, to a more decentralized, domain-oriented approach. This is called Data Mesh.

AI/Machine Learning We developed investment models and related tooling for the investment teams. We aim to provide an impulse to the use of AI/Machine Learning techniques and alternative data in the investment process.

Data Delivery Infrastructure The IM Data Platform enabled us to access and integrate data from various sources. All data on the platform is "under governance". This means that it is clearly defined what each data point is, who owns the data, which systems the data comes from and who is allowed to use the data. Through the use of this platform, we are able to make better use of data in our investment chain, improve the data quality and automate manual actions.

Code deployment: Sandbox environments, Function Apps and Container Services

To enable analysts and investment managers to work with more robust implementations of self-built analytical solutions, we developed sandbox environments in which these solutions can be built. This helps us to better manage self-built solutions across Investment Management.

NLP toolkit and ChatGPT We started experimenting with Natural Language Processing (NLP) tools. The IT team introduced the use of ChatGPT for code optimization in Swift / Simcorp.

Blackrock Aladdin In 2023 we brought Blackrock Aladdin live for Risk & Total Portfolio Management. This software drives Collective Intelligence by providing tools to help us communicate effectively, address problems quickly, and make informed decisions at every step of the investment process.

ESG Database The Investment Analytics team have built a solution in which it brings together the various sources of ESG information in an ESG database in order to better assess our investment portfolios on this third dimension. This solution supports our SFDR reporting and the calculation of the carbon intensity of our investment portfolios.

Responsible Investments and SDG Screening The responsible investment team developed a tool which determines whether a company has taken measures to comply with towards the Paris climate agreement, based on web scraping and text mining. These results were used to determine in which companies we should divest. In 2024 we will work on the next step, which is to determine whether a company's strategy aligns with the Paris climate agreement.

Outlook 2024

2023 was the year in which we prepared our organisation for the realisation of our joint strategic ambition with PFZW for 2030. 2024 will be the year in which we start executing our joint strategy. Based on our business plan 2024-2027 – an outline of how we will transition to achieve this strategy - we will enter into service level agreement negotiations with PFZW.

Transitions

Transitioning to a 3D organisation means implementing a change in the business. This affects our key investment model, as well as our governance, the way we operate and of course our people. In 2023 we have taken many steps to enhance our IT capabilities, data platform and analytics platform as well as our way of working. In 2024 we will increase our investment in IT, data and analytics to further strengthen our capabilities and to scale the use of both data and analytics platforms across Investment Management.

As of 2024, all investments we make in public markets are exclusively for PFZW. Achieving single client status in private markets remains a priority for the future, as this is required to achieve the 2030 strategy established together with PFZW. Following up on earlier discussions with participants in our multi-client private funds, efforts are being renewed to revitalize these conversations.

Becoming a single client organisation enables simplification, which involves deregistering these funds and reducing reporting obligations. This simplification results in a more cost-effective approach. We are eliminating old tasks that are no longer necessary due to our single client focus, digitisation and new technologies. It is essential to consider the investments made to realise 3D investing. We are investing while also saving.

By the end of 2023 PFZW made their decision about schemes and financial structures for the New Pension Contract. Investment Management will therefore start concrete preparation for implementation of systems and processes while simultaneously considering related investment policy topics.

Financial outlook

Becoming a 3D organisation requires substantial investments in IT capabilities, data and analytics platforms as well as in the labour force. While no other pension funds besides PFZW will participate in the PGGM public markets funds, other pension funds will still participate in the PGGM private market fund and will contribute to fees in 2024. Fees from PFZW are not dependent on assets under management and are indexed for inflation and change in costs due to changes in collective labour agreements. As a result, we expect total operating revenue to increase in 2024. However, the increase in operating expenses will be larger than the increase in operating result, resulting in a positive but lower result after taxes in 2024.

Legal and regulatory requirements

The Digital Operational Resilience Act (DORA) entered into force on 16 January 2023 and will apply from 17 January 2025. To ensure alignment with the DORA obligations, we will be part of a

DORA project within PGGM Investments and a project with PGGM N.V. for the outsourced IT activities to PGGM N.V.

We will also focus on SFDR-aligned reporting through periodic reporting along the format of SFDR Annex IV for ‘Article 8’ products and through entity Level PAI Statement. We encountered significant data challenges, in particular around the availability of adequate data. Therefore, we continuously work with our existing and new partners to improve data quality and availability.

Zeist, 27 March 2024

The Board of Directors,

Geraldine Leegwater

Arjen Pasma

Danny Slots

Erik van de Brake

Part 2
Supervisory report

In this report, the Supervisory Board explains how the supervisory and employer role was shaped in the past year and how the Supervisory Board assisted the Board of Directors with advice. The most important substantive matters in which the Supervisory Board has been involved this year are also discussed. The Supervisory Board looks back on a year in which the focus was on a number of central topics.

Report of the Supervisory Board

Supervision of the policies of the Board of Directors and of the general course of PGGM Investments affairs and its business enterprise shall be carried out by the Supervisory Board of PGGM Investments. The Supervisory Board shall support the Board of Directors with advice. In fulfilling their duties, the Supervisory Board shall serve the interests of PGGM Investments and the business enterprise which it operates.

The supervision of the Board of Directors by the Supervisory Board included:

- Achievement of the objectives
- Execution of the strategy
- Risks associated with the business activities
- Financial reporting process
- Design and operation of the organisation and processes
- Compliance with laws and regulations
- The social aspects of its activities relevant to PGGM Investments

In 2023, the Supervisory Board held periodic meetings with the Board of Directors about PGGM Investments' strategy and sustainable long-term value creation, as well as about the main risks, their assessment by the Board of Directors and the operation of the internal risk management and control systems (including integrity risk management and incident monitoring), as well as changes therein. The Supervisory Board also discussed, without the Board of Directors being present, the functioning of the Board of Directors as a board, as well as the functioning of the individual members of the Board of Directors. Finally, the Supervisory Board has a task and responsibility for the annual evaluation of the renumeration policy and supervision of its execution. The annual evaluation took place in consultation with HR. Results of the evaluation are discussed in 2024.

The independent member of the Supervisory Board of PGGM Investments has a standing invitation as observer into the Supervisory Board of PGGM N.V. for agenda items concerning PGGM Investments. Vice versa, members of the Supervisory Board of PGGM N.V. have a standing invitation as observer into the Supervisory Board of PGGM Investments. The independent member of the Supervisory Board has participated in all relevant Supervisory Board meetings of PGGM N.V. where applicable. In each regular Supervisory Board meeting of PGGM investments a representative of the Supervisory Board of PGGM N.V. has been present.

The activities of both Supervisory Boards are being guided by an Information and Governance Protocol to safeguard good governance while maintaining sufficient information sharing in the interest of PGGM Group.

The Supervisory Board of PGGM Investments will meet the People & Organisation Committee of the Supervisory Board of PGGM N.V. twice a year. Due to changes in the Supervisory Board, these meetings did not take place in 2023. As of 2024 these meetings will take place on a regular basis.

Board of Directors Composition

As of November 1, 2020, Geraldine Leegwater has been appointed Chief Investment Management (CIM). As CIM she is statutory director of PGGM Investments.

As of April 1, 2022, Danny Slots has been appointed Chief Financial & Risk Officer (CFRO). As CFRO he is statutory director of PGGM Investments.

As of April 1, 2022, Frank Roeters van Lennep has been appointed Chief Investment Officer. Mr. Roeters van Lennep has decided to resign as CIO as of January 1st, 2024. As CIO he was statutory director of PGGM Investments.

As of April 1, 2022, Arjen Pasma has been appointed Chief Fiduciary Investments. As CFI he is statutory director of PGGM Investments.

As of May 1, 2022, Erik van de Brake has been appointed Chief Transformation Officer (CTO). As CTO he is statutory director of PGGM Investments.

Supervisory Board Composition

The Supervisory Board consists of three members:

Chair: Mr. Edwin Velzel (61), CEO PGGM N.V., first appointed on May 3, 2018, non-independent member;

Mr. Willem Jan Brinkman (51), CFRO PGGM N.V., first appointed on January 27, 2020, non-independent member; and

Mrs. Daniëlle Melis (51), independent director in the financial sector, first appointed on April 1, 2022, independent member.

All the Supervisory Board members have the Dutch nationality. With this composition the requirements of independence, as referred to in art. 18, paragraph 2 of the Articles of Association, have been met.

Attendance regular meetings

The Supervisory Board met five times in 2023, four of which were regular meetings, and an extra meeting was called once to keep the Supervisory Board informed on current developments. The regular meetings of the Supervisory Board are held in the presence of the members of the Board of Directors of PGGM Investments. The relationship with the Board of Directors is good and transparent. The suggestions from the Supervisory Board are taken into account. There were constructive discussions during the meetings, whereby the Board of Directors and the Supervisory Board are receptive to each other's arguments.

In addition, the Supervisory Board held seven closed meetings. The topics discussed in these closed meetings included the assessment and remuneration of the Board of Directors.

All appointed Supervisory Board members attended 100% of the Supervisory Board meetings. During all four regular meetings, a Supervisory Board member of PGGM N.V. attended the meeting as an observer.

The independent member of the Supervisory Board of PGGM Investments observed the Supervisory Board of PGGM N.V. for agenda items concerning PGGM Investments.

The independent auditor responsible for the audit of the report was present during the discussion of the Annual Report 2023, the independent auditor's report and the management letter in the meeting of the Supervisory Board. The Supervisory Board has not established any committees. Next to all these meetings the independent member of the Supervisory Board of PGGM Investment participated in educational sessions. The Supervisory Board spoke individually with the members of the Board of Directors.

Highlights

The most important substantive matters in which the Supervisory Board has been involved this year were:

1. *PFZW decision to rearrange the investment structure*

In 2021, PFZW decided to move towards its own investment structures and thus no longer invest in the PGGM multi-client funds. Due to this decision PGGM Investments is unable to continue to offer fund and asset management services to other clients on attractive terms. In consultation with our clients, PGGM is in the process of terminating and transferring asset management services for clients other than PFZW. PGGM will make every effort to do so in a proper and careful manner.

2. Change trajectories within PGGM Investments: Strategy 2030

The world around us is changing rapidly and this places new demands on the organisation, the teams and the people. The Supervisory Board of PGGM Investments has regularly discussed the status of the various change programs within PGGM Investments and the implementation thereof. The environment of PGGM Investments is also changing rapidly and customers are making increasingly higher demands. In 2023 PGGM has further elaborated Strategy 2030. An important milestone that has been achieved is the establishment of new investment beliefs in collaboration with PFZW. The Supervisory Board discussed all underlaying change to implement the Strategy.

3. Investment Performance and processes

The assets under management at PGGM Investment Management during 2023 grew, with € 12.6 billion. The Board of Directors regularly updated the Supervisory Board on the Investment Performance during the year. The Supervisory Board doesn't supervise the Investment Performance, since it falls outside the scope of the Supervisory Board. (Financial) Risks, Internal Audit findings and compliance reports are discussed regulatory.

4. HR

Strategy 2030 brings a new way of working. The HR implications of 3D investing have been discussed within the Supervisory Board.

Topics regular meetings 2023

Recurring agenda items in every regular meeting are the business update and reports on customers, business operations and the regulators. The financial results and the main risks associated with business operations are reviewed, based on the various risk management and performance reports and the quarterly responsible investment report.

The Supervisory Board is regularly informed by the Board of Directors about developments in the financial markets. In this context, the Supervisory Board has been informed about special investments that may have a (positive or negative) effect on business operations or reputation. The business update of PGGM Investments is provided by the Board of Directors and comprises of a view on the investment results, the financial status, the risk profile and employee satisfaction, supplemented with varying topics such as the progress on the annual targets (as derived from our strategic objectives) and findings from Internal Audit.

In addition, so-called in-depth sessions are regularly held in the presence of both the Board of Directors and the Supervisory Board, during which specific subjects are discussed in detail. The subjects may relate to current legal or regulatory subjects for the purpose of maintaining professional competence as well as specific current developments that are relevant to PGGM Investments. Topics of the in-depth sessions that took place in 2023 included: the Money Laundering and Terrorist Financing (Prevention) Act (abbreviation in Dutch: Wwft), insight into a healthy risk culture and criminal implications of economic crimes, such as corruption, money laundering and sanction violations. The Sustainable Finance Disclosure Regulation (SFDR), insight into regulation on information provision on sustainability (ESG) in the financial sector.

Furthermore, the legislation and regulations and their possible impact on the business of PGGM Investments are discussed in each meeting. The training plan (which started in 2020) was continued in the context of the permanent training of the supervisory directors.

In the second half of the year, the Supervisory Board conducted a self-evaluation. The Supervisory Board also asked the Board of Directors for input on the functioning of the Supervisory Board. The results of the evaluation have been discussed in early 2024 with the Board of Directors. The actions that followed from this self-evaluation are taken up by the Supervisory Board in close cooperation with the Board of Directors.

The Supervisory Board would like to thank the members of the Board of Directors and the employees of PGGM Investments for their efforts in the 2023 reporting year. We extend our sincere gratitude to Frank Roeters van Lennep for his contributions and wish him success in his future career.

Zeist, 27 March 2024

Supervisory Board,
Edwin Velzel

Willem Jan Brinkman

Daniëlle Melis

Part 3
Financial Statements

Consolidated Financial Statements of PGGM Vermogensbeheer B.V.

Consolidated balance sheet as of 31 December 2023

BALANCE SHEET

(before profit appropriation)

(amounts in thousands of euros)

	Ref	*31 December 2023*	*31 December 2022*
Assets			
Fixed assets			
Intangible fixed assets	**3**	310	607
Property, plant and equipment	**4**	11	16
Financial fixed assets	**5**	1,058	1,530
Total fixed assets		**1,379**	**2,153**
Current assets			
Receivables	**6**	26,075	23,053
Securities	**7**	40,709	-
Cash and cash equivalents	**8**	37,001	80,696
Total current assets		**103,785**	**103,749**
Total assets		**105,164**	**105,902**
Liabilities			
Equity	**9**		
Paid and called-up capital		100	100
Statutory reserve		5	5
Share premium reserve		34,400	34,400
Other reserves		54,880	50,309
Undistributed profit		8,226	12,570
Total equity		**97,611**	**97,384**
Provisions			
Provisions	**10**	430	2,923
Total provisions		**430**	**2,923**
Current liabilities			
Current liabilities	**11**	7,123	5,595
Total current liabilities		**7,123**	**5,595**
Total liabilities		**105,164**	**105,902**

Consolidated income statement for 2023

INCOME STATEMENT

(amounts in thousands of euros)

	Ref	2023	2022
Management fees	13	179,876	175,876
Total operating income		**179,876**	**175,876**
Costs of outsourced work and other external expenses	14	24,030	19,321
Employee expenses	15	104,179	96,278
Depreciation / amortisation of(in)tangible fixed assets	16	2,633	2,802
Other operating expenses	17	40,108	39,910
Total operating expenses		**170,950**	**158,311**
Operating result		**8,926**	**17,565**
Financial income		2,603	-
Financial expenses		-	-247
Result before taxes		**11,529**	**17,318**
Taxes	18	-2,975	-4,489
Result participating interests	5	-328	-259
Result after taxes		**8,226**	**12,570**

Consolidated cash flow statement for 2023

CASH FLOW STATEMENT

(amounts in thousands of euros)

		2023	2022
Cash flow from operating activities	***Ref***		
Operating result		8,926	17,565
Adjustments for:			
Amortisation, depreciation and impairments	***3, 4, 16***	302	407
Financial fixed assets	***5***	644	-754
Changes in receivables	***6***	-3,022	-140
Changes in securities	***7***	-40,709	-
Changes in provisions	***10***	-2,493	2,923
Changes in current liabilities	***11***	-1,447	-9,235
Cash flow from operating activities		**-37,799**	**10,766**
Received interest		2,603	-
Paid interest		-	-247
Corporation tax paid		-	-
		2,603	**-247**
Total cash flow from operating activities		**-35,196**	**10,519**
Cash flow from investment activities			
Additions and acquisitions of			
Property, plant and equipment	***4***	-	-2
Acquisition of participating interests	***5***	-500	-400
Disposals, repayments and sales			
Total cash flow from investment activities		**-500**	**-402**
Cash flow from financing activities			
Dividend paid	***9***	-7,999	-18,000
Total cash flow from financing activities		**-7,999**	**-18,000**
Net cash flow		**-43,695**	**-7,883**
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	***8***	80,696	88,579
Cash and cash equivalents at the end of the period	***8***	37,001	80,696
Changes in cash and cash equivalents		**-43,695**	**-7,883**

Notes to the consolidated financial statements for 2023

1 General notes

Information on PGGM Vermogensbeheer B.V.

PGGM Vermogensbeheer B.V. (hereinafter: PGGM Investments) was founded on 20 July 2007. PGGM Investments has its registered office and principal place of business at Noordweg Noord 150 in Zeist, the Netherlands. PGGM Investments is registered with the Chamber of Commerce under registration number 30228490.

In accordance with Article 2.1 of the articles of association, the statutory objectives of PGGM Investments are:

- To act as a manager of investment institutions in the widest sense of the word, in any case including portfolio management, risk management, administration, marketing of participations and share and activities related to the assets of investment institutions;
- To provide investment services including discretionary asset management, investment advice and the reception and transmission of orders in relation to financial instruments;
- (to ensure) the safe-keeping and administration in relation to participations or investment institutions;
- To offer and have offered financial instruments to employees who are employed in the care and welfare sector and to their partners, as well as to former employees who in that capacity have been employed in the aforementioned sector and to their partners, as well as to members of the cooperative: PGGM Coöperatie U.A.; and
- To participate in, to take an interest in any other way in, to conduct the management of other business enterprises of whatever nature, and to finance third parties, to grand security in any way, and to bind itself for liabilities of third parties, and finally all activities which are incidental to or which may be conducive to any of the foregoing.

Furthermore, in accordance with article 2.2 of the articles of association, the object of the company also includes to manage and finance its subsidiaries, group companies and associated companies, and to provide security and guarantees for its own debts and for the debts of its subsidiaries, group companies, and associated companies.

AIFM licence

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

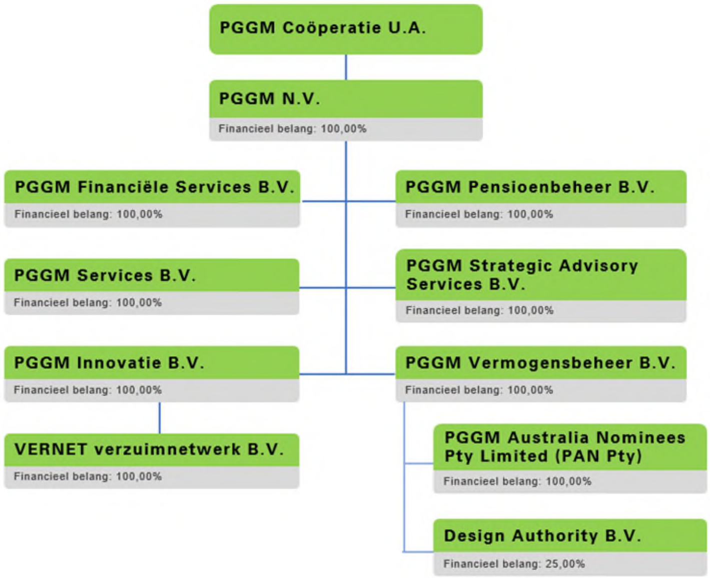
Pursuant to Section 2:67a(2) of the Wft, PGGM Investments is also permitted to carry out the following activities or to provide the following services:

- Manage individual capital;
- Advise on financial instruments in the context of practising a profession or conducting a business;
- Receive and transfer orders from clients relating to financial instruments in the practice of a profession or operation of a business.

Group structure

The company belongs to a group. At the head of this group is PGGM Coöperatie U.A., registered and located in Zeist. All shares in PGGM Investments are held by PGGM N.V. In turn, all shares in PGGM N.V. are held by PGGM Coöperatie U.A. The company’s annual accounts are included in the consolidated annual accounts of PGGM N.V. and PGGM Coöperatie U.A. both available on the website of PGGM. The following figure shows the legal structure of PGGM Coöperatie U.A., PGGM N.V., its subsidiaries and other participating interests (PGGM group) as at 31 December 2023.

PGGM UFO B.V. has legally merged with PGGM N.V., with PGGM UFO B.V. ceasing to exist as the disappearing entity and being deregistered from the Chamber of Commerce Trade Register on September 27, 2023.



PGGM Australia Nominees Pty Limited

PGGM Investments acquired the shares in PGGM Australia Nominees Pty Limited (PAN) on 13 May 2009. PAN is a 100% subsidiary of PGGM Investments. On this basis, the assets and liabilities as well as the result is fully included in PGGM Investments' consolidated financial statements.

Design Authority B.V.

PGGM Investments held a 25% interest in Design Authority B.V. The assets and liabilities of this participating interest is not consolidated in the financial statements since there is no control.

2 Accounting principles for the valuation of assets and liabilities, determination of the result and the cash flow statement

Basis of preparation

The consolidated financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Financial reporting Period

These annual accounts relate to the 2023 financial year, which ended on the balance sheet date on December 31, 2023.

Applied standards

The consolidated financial statements have been prepared in accordance with the legal provisions of Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting, issued by the Council for the annual reporting. References are included in the balance sheet, profit and loss account and cash flow statement.

Going concern

The financial statements of the PGGM Investments have been prepared on the basis of the going concern assumption.

Comparison to previous year

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

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.

Functional and presentation currency

The financial statements are presented in euros, PGGM Investments' functional currency. All financial information in euros has been rounded off to the nearest thousand.

Use of estimates

The preparation of the annual financial statements requires the Management Board to make judgements, estimates and assumptions that 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 to estimates are recognised prospectively. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the relevant financial statement item. No significant estimates applied at PGGM Investments in 2023.

Basis of consolidation

The consolidated financial statements comprise the financial data of PGGM Investments, its group companies and other legal entities in which it can exercise control or over which it has central management. Group companies are participating interests in which PGGM Investments has a controlling interest, or in which it has the authority to govern otherwise their financial and operating policies. The assessment of whether it has the authority to govern otherwise their financial and operating policies 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 as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

The following company is included in the consolidation:

Name Place of business capital	Share in issued	
PGGM Australia Nominees Pty Limited	Sydney, Australia	100%

Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable.

The application of Article 402

Since the income statement for 2023 of the company is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

Acquisition and disposal of group companies

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

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

Transactions in foreign currencies

Assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate prevailing on the balance sheet date. This valuation forms part of the fair value valuation. Income and expenses relating to transactions in foreign currencies during the reporting period are converted at the exchange rate prevailing on the transaction date. All foreign currency translation differences are recognised in the statement of income and expenses.

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

2.1 Accounting principles for the valuation of assets and liabilities

Recognition of an asset or liability

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles. If no specific valuation principle is stated, valuation is on the basis of historical cost.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to PGGM Investments, and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of PGGM Investments. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. However, in circumstances where the transaction does not significantly change the economic reality of an asset or liability, this asset or liability remains recognised on the balance sheet. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which PGGM Investments does not have the legal ownership, this fact will be disclosed.

References are included in the balance sheet, income statement and cash flow statement. These references refer to these explanatory notes.

Financial instruments

Financial instruments included in current assets are initially and subsequently measured at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading.

Intangible fixed assets

Software

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

Property, plant and equipment

Other operating assets

The other operating assets comprise of computer hardware. Computer hardware is stated at the acquisition price net of cumulative depreciation and any impairments. These assets are subject to straight-line depreciation over their estimated five-year economic life. The residual value is zero.

Financial fixed assets

Participating interests in which significant influence is exercised

Participations, over which significant influence can be exercised, are measured according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

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

Participating interests with a negative net asset value are stated at nil. A provision is created when PGGM Investments 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 Investments 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 acquisition date. For subsequent measurement, the principles applicable to these financial statements are used, with the initial recognition used as the basis.

Third-party minority interest

The third-party minority interest is shown in the share of third parties in the net asset value determined in accordance with the valuation principles of PGGM Investments.

Participating interests in which there is no significant influence

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

Impairments of fixed assets

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

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realise the sale. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash generating unit; The discount rate does not reflect risks already taken into account in future cash flows.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

An assessment is also conducted on every balance sheet date to determine whether there are any indications that impairment losses shown in earlier years have been reduced. If this appears to be the case, the realisable value of the asset is estimated.

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 recognised for the asset in earlier years.

Receivables, prepayments and accrued income

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

Securities

Investments in money market funds are valued at fair value. The fair value is based on the net asset value published by the fund manager. The net asset value is the value used by the respective investment fund for subscriptions or redemptions. Investments in money market funds should be valued at fair value after initial recognition, with changes in value recognized directly in the income statement. The investments in money market funds are freely available to the legal entity. Interest received during the year is recognized in the income statement as revenue.

Transaction costs attributable to securities that are valued at fair value after initial recognition with changes in value recognized through equity are included in the initial recognition. When securities are sold to a third party, transaction costs are recognized in the income statement. Transaction costs attributable to securities valued at amortized cost after initial recognition are included in the initial recognition. Securities classified as current assets have a maturity of less than one year.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value.

Equity

Equity is defined as the balance between the assets and liabilities. Equity is therefore a residual item for which no specific valuation rules apply, but whose carrying amount is indirectly determined by the appreciation of all other balance sheet items.

PGGM Investments holds paid and called-up capital, reserves and undistributed profit. The undistributed profit is added to the reserves at the annual shareholders meeting. The shareholders can also decide to make a dividend payment.

Provisions

Other provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required, and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, unless the time value of money is not material. Where the effect of the time value of money is not material, provisions are measured at their nominal value.

Other liabilities, accruals and deferred income

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

2.2 Accounting principles for the determination of result

Recognition of income and expenses

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

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

The result is determined as the difference between the net realisable value of the delivered performance and the costs and other expenses incurred over the year. Transaction revenues are recognised in the year in which they are realised. References are included in the balance sheet, income statement and cash flow statement. These references refer to the explanatory notes.

Revenue

These are fees received from third parties for the fund and asset management services that have been provided. The revenues follow from the provision of services and are based on the services rendered up to the balance date in proportion to the total services provided less discounts and levied taxes.

Revenue from the rendering of services is recognized per performance obligation if the amount or the result can be reliably determined.

Revenue is recognised for the amount to which the legal entity expects to be entitled in exchange for the transfer of promised services, i.e., the transaction price. This amount does not include amounts collected on behalf of third parties (including sales taxes). The transaction price consists of a fixed fee and variable consideration such as discounts and performance bonuses. Credit risk is not taken into account when determining the transaction price.

The determination of the transaction price is based on the assumption that the services will be transferred in accordance with the relevant agreement and that this agreement will not be cancelled, extended or otherwise modified.

The effects of variable consideration are taken into account in determining the transaction price. These effects are based on an estimate of the fees. Such estimates are updated at the end of each financial year. Only variable fees that are unlikely to be reversed later on are taken into account.

Operational expenses

All expenses are accounted for in the year to which they relate. The operational expenses consist of costs of outsourced work and other external expenses, employee costs, depreciation/amortisation of assets and other operating expenses.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of intangible and tangible fixed assets are included in depreciation.

Financial income and expenses

PGGM Investments recognises interest income and expenses relating to its own cash and cash equivalents as a result of the interest set-off system at PGGM N.V. The interest income and expenses are assessed in the financial statements per individual credit institution and the net position is ultimately presented as interest income or expense. Interest income and interest expense is recognised on a time-proportionate basis, taking into account the effective interest rate of the particular assets and liabilities. No interest is settled for the current account relationship between PGGM Coöperatie U.A., PGGM N.V. and its subsidiaries.

Share in result of participations

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are measured in the group result from the date of acquisition or until the date of sale respectively.

Taxes

Corporation tax

Within the PGGM Group, corporation tax on the taxable result is calculated for each legal entity, taking account of losses available for set-off from previous financial years (to the extent they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Ultimately, PGGM Coöperatie U.A. settles with the Dutch tax authorities.

VAT

In addition, together with its subsidiaries, PGGM Investments forms part of a fiscal unity for VAT purposes, as a result of which it is jointly and severally liable for any VAT liabilities of all entities belonging to the fiscal unity. The fiscal unity for value added tax purposes is entitled to advance deduction of VAT. The effectuated right to advance deduction is recognised within PGGM Investments.

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 out are recognised in the cash flow from financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration.

3 Intangible fixed assets

	Software
Balance as at 1 January 2022	
Acquisition price or manufacturing cost	14,147
Accumulated amortisation and impairments	-13,138
Carrying amount as at 1 January 2022	**1,009**
Movements	
Investments	-
Amortisation	-402
Balance	**-402**
Balance as at 31 December 2022	
Acquisition price or manufacturing cost	14,147
Accumulated amortisation and impairments	-13,540
Carrying amount as at 31 December 2022	**607**
Movements	
Investments	-
Divestments	-149
Amortisation divestments	149
Amortisation	-297
Balance	**-297**
Balance as at 31 December 2023	
Acquisition price or manufacturing cost	13,998
Accumulated amortisation and impairments	-13,688
Carrying amount as at 31 December 2023	**310**
Amortisation period	**5 years**

4 Property, plant and equipment

	Other operating assets
Balance as at 1 January 2022	
Acquisition price or manufacturing cost	59
Accumulated depreciation and impairments	-40
Carrying amount as at 1 January 2022	**19**
Movements	
Investments	2
Amortisation	-5
Balance	**-3**
Balance as at 31 December 2022	
Acquisition price or manufacturing cost	61
Accumulated depreciation and impairments	-45
Carrying amount as at 31 December 2022	**16**
Movements	
Investments	-
Divestments	-34
Amortisation divestments	34
Amortisation	-5
Balance	**-5**
Balance as at 31 December 2023	
Acquisition price or manufacturing cost	27
Accumulated depreciation and impairments	-16
Carrying amount as at 31 December 2023	**11**
Depreciation period	**5 to 7 years**

5 Financial fixed assets

	Design Authority B.V.	Deferred tax assets	Total
Balance as at 1 January 2022	**634**	**0**	**634**
Movements			
Investments	400	-	400
Disposals	-	-	**-**
Result participating interests	-259	-	-259
Change in value	-	755	-755
Balance as at 31 December 2022	**775**	**755**	**1,530**
Movements			
Investments	500	-	500
Disposals	-	-	**-**
Result participating interests	-328	-	-328
Change in value	-	-644	-644
Balance as at 31 December 2023	**947**	**111**	**1,058**

PGGM Investments has significant influence on the business and financial policy of Design Authority. Our interest in Design Authority B.V. yielded a negative result of € 0.3mln (2022: € 0.3mln).

The change in value of the deferred tax asset is due to the usage of the provision, refer to note 10.

6 Receivables

	31 December 2023	*31 December 2022*
Accounts receivable	-	22
Receivables from group companies	584	712
Receivable from PGGM investment funds	300	1,355
Amounts to be invoiced	17,090	16,278
Prepayments and accrued income	8,101	4,686
Total	**26,075**	**23,053**

All receivables have a remaining term of less than one year. The fair value of the receivables approximates the carrying amount due to the short-term nature of the receivables.

Receivables from group companies

The receivables from group companies concern:

	31 December 2023	*31 December 2022*
PGGM Coöperatie U.A.	568	570
PGGM Strategic Advisory Services B.V.	-	142
PGGM Pensioenbeheer B.V.	16	-
Total	**584**	**712**

No interest is charged on the balance of the current account relationships with group companies.

Amounts to be invoiced

The amounts to be invoiced relate to invoices to be send to different investment funds and to PFZW for an amount of € 17.1mln (2022: € 16.3mln).

Prepayments and accrued income

The other prepayments and accrued income relate to prepaid expenses and have a remaining term of less than one year.

7 Securities

PGGM Investments has invested a portion of its cash equivalents in money market funds managed by BlackRock and Goldman Sachs. Investing in money market funds allows for diversification of counterparty risk. In 2023, in accordance with the policy, cash equivalents totalling €40.7 million (2022: €0.0 million) were invested in money market funds. Investments in money market funds are freely tradable on a daily basis. All funds from the securities are freely available.

8 Cash and cash equivalents

Cash relates to credit balances which are held in Dutch credit institutions. All amounts are collectable on demand. 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. PGGM Investments is the asset manager for external clients and for the PGGM investment funds. The cash management activities are set up locally and derivative transactions are executed decentrally which are not part of the interest set-off system.

9 Equity

The movement in the group equity and insight into the overall result (group result and direct movements) is as follows:

	2023	***2022***
Balance as at 1 January	**97,384**	**102,814**
Group result after taxes	8,226	12,570
Total result of the legal entity	**8,226**	**12,570**
Dividend payment	-7,999	-18,000
Total direct changes in the equity on account of relations with shareholders	**-7,999**	**-18,000**
Balance as at 31 December	**97,611**	**97,384**

The capital of PGGM Investments is divided into one or more shares with a nominal value of € 1,000 each. Of these, 100 shares have been issued and are paid up.

10 Provisions

	Total provisions
Balance as at 1 January 2022	**-**
Additions	2,923
Use of provisions	-
Release	-
Balance as at 31 December 2022	**2,923**
Additions	-
Use of provisions	-2,075
Release	-418
Balance as at 31 December 2023	**430**

In 2021, PGGM transitioned from a multiclient strategy to a single-client strategy. To account for the transition and decommissioning costs associated with this strategic change, clients are compensated. During 2023 € 2.1mln of costs are incurred, € 0.4mln is released and the remaining balance is € 0.4mln. The provision is measured at nominal value, since settlement is expected within one year and the time value of money is therefore not material.

11 Current liabilities

	31 December 2023	***31 December 2022***
Creditors	578	1,602
Amounts owed to group companies	808	530
Accruals and deferred income	5,737	3,463
Total	**7,123**	**5,595**

All current liabilities have a remaining term of less than one year. The fair value of the short-term liabilities approximates their book value due to the short-term nature of these liabilities.

Creditors

The amount shown in creditors consists of outstanding invoices from regular creditors.

Amounts owed to group companies

The amounts owed to group companies concern:

	31 December 2023	***31 December 2022***
PGGM N.V.	808	470
PGGM UFO B.V.	-	60
Total	**808**	**530**

The amount owing to PGGM N.V. as at 31 December 2023 concerns costs charged on for supporting services, accommodation, telephony and ICT costs paid on behalf of PGGM Investments by PGGM N.V. No interest is charged on the balance of the current account relationships with group companies.

Accruals and deferred income

The accruals and deferred income consist of invoices yet to be received, totalling € 3.5mln (2022: € 0.9mln), and other current liabilities amounting to € 2.0mln (2022: € 2.6mln).

12 Off-balance sheet assets and liabilities

Liability of a fiscal unity

Together with its shareholder, PGGM N.V. and its sole shareholder PGGM Coöperatie U.A. and the other subsidiaries of PGGM N.V., PGGM Investments forms a fiscal unity for corporation tax purposes and, for that reason, is jointly and severally liable for all the ensuing liabilities.

PGGM Investments also forms part of a fiscal unity of the PGGM group for VAT purposes, as a result of which it is jointly and severally liable for any VAT liabilities of all entities belonging to the fiscal unity.

Balance and interest set-off system

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

Contract liabilities

The total liabilities amounted to € 34.0mln (2022: € 36.8mln). The latest liability runs until 2026. An amount of € 22.6mln (2022: € 24.7mln) is payable within one year. There are no liabilities longer than 5 years.

13 Management fees

	2023	***2022***
Management fee institutional	69,388	76,908
Management fee PGGM Funds	110,488	98,968
Total	**179,876**	**175,876**

PGGM Investments performs asset management activities for institutional clients, via discretionary mandates, and PGGM funds. A gross management fee is charged for this at the mandate and fund level, with settlement of the total fee from clients taking place after the event, resulting in the net management fees shown above. The decrease of the institutional management fee is due to single-client strategy initiated in 2022. The increase in the management fee for PGGM Funds is due to agreed-upon updates to the fee structure, as well as indexation. All management fees are derived solely from Dutch clientele.

14 Costs of outsourced work and other external expenses

	2023	***2022***
External personnel	15,388	11,611
Advisory costs	77	348
Charged-on expenses	8,565	7,362
Total	**24,030**	**19,321**

External personnel are individuals engaged by PGGM Investments from external sources. The increase is caused by the increased hiring of external personnel and by increased rates. Advisory costs encompass expenses associated with investment advice, legal and fiscal consultations, and other related services. The expenses of outsourced work comprise both direct costs and charged-on expenses. These charged-on expenses primarily represent costs incurred by PGGM N.V. for organisation-wide activities, which are then allocated to all subsidiaries, including PGGM Investments, based on factors such as actual usage of services and products.

15 Employee expenses

PGGM Investments does not have its own employees. The employee expenses for the employees working for PGGM Investments are charged directly to PGGM Investments by PGGM N.V. and amounts to € 88.9mln (2022: € 80.8mln). In addition, a sum of € 16.1mln (2022: € 14.6mln) of the employee expenses relates to costs of the supporting services charged by PGGM N.V. and an amount of € 0.8mln is charged from PGGM Investments to other PGGM entities (2022: € 0.9mln).

This leads to a combined sum of employee expenses of € 104.2mln (2022: € 96.3mln). The increase in employee expenses is mainly caused by an increase in the amount of personnel working for PGGM Investments (2023: 521 FTEs | 2022: 509FTEs) and Collective Labour Agreement developments (a pay rise of 2,75% which took place on 1 July 2023). Of these, no employees were employed outside the Netherlands (2022: 0).

Remuneration of Management Board and Supervisory Board

PGGM Investments has no Board members who receive remuneration on the grounds of a directorship pursuant to the Articles of Association. The remuneration for the Management Board is included in the costs charged on from PGGM N.V.

The paid remuneration in 2023 for Danielle Melis of the Supervisory Board amounts to € 23k. The remuneration for the other members of the Supervisory Board is included in the costs charged on from PGGM N.V. No loans, advances or guarantees were provided to the Management Board and the Supervisory Board members.

16 Depreciation / amortisation of (in)tangible fixed assets

	2023	***2022***
Amortisation of intangible fixed assets	297	402
Depreciation of property, plant and equipment	5	5
Charged-on depreciation/amortisation costs	2,331	2,395
Total	**2,633**	**2,802**

17 Other operating expenses

	2023	***2022***
Accommodation expenses	60	52
IT costs	23,298	20,812
Marketing costs	6	0
Other expenses	4,191	8,269
Charged-on expenses	12,553	10,777
Total	**40,108**	**39,910**

The other operating expenses comprise direct expenses and charged-on expenses. The increase in IT costs is primarily attributed to the increased subscription prices of data vendors and maintenance expenses of IT applications. IT costs encompass all expenses related to information technology. The decline in other expenses is largely due to the recognition of a €2.9 million provision in 2022.

18 Taxes

	2023	2022
Tax expense	2,331	5,243
Deferred income tax	644	-754
Total	**2,975**	**4,489**
Nominal tax rate	25.80%	25.80%
Effective tax rate	25.80%	25.92%

Corporate income tax is calculated based on the fiscal result. Ultimately, PGGM Coöperatie U.A. settles its tax obligation with the Dutch tax authorities. Any tax liabilities and/or deferred tax assets are accounted for in the fiscal unity at PGGM Coöperatie U.A. and are settled through the respective entity's current account.

The deferred income tax relates to the usage of the provision in 2023. The effective tax rate of 25,80% is calculated by dividing the current taxes and changes in deferred taxes by the result before taxes.

19 Transactions with related parties

Transactions with related parties 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.

20 Auditors' fees

Pursuant to Book 2, Section 382a(3) of the Dutch Civil Code, reference is made to the financial statements of PGGM Coöperatie U.A. for an explanation of the auditors' fees.

21 Subsequent events

There are no post-balance sheet events with an impact on the financial position as of December 31, 2023, that need to be accounted for in the financial statements.

22 Risk management

The Risk & Compliance department is responsible for coordinating the risk management process and draws up a monthly risk report for each business unit. This risk report presents the risk picture for each cluster of risks, compared with the risk appetite determined by the PGGM Investments Management Board. The substance of the risk report is discussed and adopted by the Unit Risk Committee of PGGM Investments.

Main risks and uncertainties

The main risks and uncertainties, developments in 2023 and management of these risks in each cluster are briefly discussed below.

Corporate risk

The risk cluster Corporate risk is divided into the risks cyber, fraud, credit, regulatory, financial, continuity and external environment risk. We have set out these risks below.

Cyber risk

PGGMs systems remained secure in 2023, successfully preventing ransomware attacks and data thefts. However, the incidents accentuated the prominence of upholding our cyberspace security endeavours. Heightened on our watchlist are among others, risk of hackers stealing and destroying data or comprising systems. Our Cyber management measures spectrum consists of detection, prevention and response. The enhanced Investments Security Control Framework is imbedded into our security processes. PGGM has managed it more explicitly and adeptly through continuously monitoring the maturity along with the efficacy. Control measures for our cyberspace are aligned with a low-risk appetite, with policies and procedures for cyber and information security, including business continuity. The Framework aims at the speed of communication as well as the thoroughness of the information, both internally, towards our clients, and other stakeholders.

External Environment risk

Humanitarian crises inevitably source possibly significant consequences for both the financial, environmental as well as the capital markets. The inquiry on whether or not it could impact PGGM, we endeavour to clarify and scope impacts continuously. Our risk appetite concerning such risks is medium. Where we review various angles such as the macro-economic financial and capital markets impact as well as an environmental component which serves as a guideline for both opportunity and a risk driver. Risk mitigation measures include permanent external scanning, influencing external environments and avoiding exposure. In 2023 our concerns with regards to the global geopolitical implications elevated, among others in view of the consecutively requested diligence with regard to global geopolitical tensions, for the purpose of possibly economic ramifications from such events and in order to be able to accomplish strategic goals.

Fraud risk

Through the COSO Enterprise Risk Management methodology, PGGM created a robust integrated Control Framework for fraud risk prevention. Annually a systematic integrity risk analysis (SIRA) is conducted, a measurable process towards the identification and assessment of our risk governance, concerning amongst others risks of possible fraud, bribery, and corruption. Unauthorised payments, deals for personal proceeds, investment fraud or conflicts of interest, have not been identified which (most likely) indicates that we were able to avoid internal and external fraudulent activities in 2023. Fraud risk awareness (soft controls) continues to improve across all business units, through e-learning modules ethical statements and whistle blower policies that are communicated. To keep it top of mind, employees are requested to annually confirm that they have read, understood and agreed with our Code of Conduct.

In order to manage, monitor, and report incidents transparently and structurally, our risk framework incorporates an incident policy, which is reported to Risk and Compliance departments. In case of incidents governance communication structures are in place, with direct lines to among others, the Corporate Security Officer (CSO) and Chief Financial Risk Officer (CFRO). For instance, fraud would be classified as severe, where the CFRO may decide to construct an autonomous and non-biased Task Force for investigative and inquiry purposes. Depending on the business activity or business unit involved other board members and/or management will be engaged. This evolves e.g., fraud risk such as employees of PGGM that act misaligned with our code- of conduct in terms of behaviour and/or laws- and regulations. Our risk appetite is low, and the following risk measures are in place in order to prevent that from happening. Namely pre-employment screening, standard 3402 4-eye policy for bank related adjustments, e-learning and signed agreements from our employees with our code -of- conduct and organisation wide laws and regulations that are to be followed.

Credit risk

Credit risk arises if a counterparty cannot fulfil its financial obligations, such as management fees agreed upon with our clients. Default risk is low due to both the solid financial position of our clients and the level of regulatory supervision. Credit risk exposure entails elements of financial fixed assets, receivables, cash and cash equivalents. To limit credit risk on cash, PGGM Investments is via the holding company PGGM N.V. part of a cash pooling construction, leading to cash being deposited with both banks and money market funds. Compliant with regulatory rules financial assets are valued at fair value in the balance sheet. Furthermore, we limit counter party risk through thorough operational due diligence and monitoring, both when entering into a new business relationship and for existing business relationships. Risk appetite is medium.

Continuity

The continuity risk entails liquidation, failure to provide services or operate, and loss of jobs in the event of threat or interruption. Our risk framework is designed to scope the effectiveness and efficiency, of managing continuity risk in an unambiguous manner. Imbedded in our continuity policy is a one-year financial cushion reserved in order to be able to continue operations for at least a year in the event of a severe calamity. Despite the low estimated risk of the need for such reserves, we aspire to maintain this minimum equity level for capital requirement purposes as well. Elements within scope are regulatory, legislative, and supervisory requirements, working capital, business transformation and innovation and unexpected financial losses.

Equity amounted to € 97,6 million as of 31 December 2023 (year-end 2022: € 97.4 million). The solvency as of 31 December 2023 amounted to 92,8% (year-end 2022: 92%) and amply meets the capital requirements. PGGM Investments does not have any loans on its balance sheet. In 2021 PGGM Investments made the decision to move towards servicing PFZW only. Our turnover in the near future will therefore be dependent on our customer PFZW. With PFZW we have a contract until the year 2026 for the agreed upon services provided by PGGM Investments. We also expect positive financial margins in our multi-year forecast.

In pursuit of our single client (PFZW) strategy multiple endeavours and developments lead to progressions in both our relationship and joint strategy. We continued to work on our relationship, were we aim at continuous progression. Below we describe additional hedging strategies and monitoring measurement metrics, to warrant minimum equity level assurance:

- An insurance should cover attributable errors in our services in the event of potential claims from our clients. Possible claims are covered comprehensively, through contractually aligning our possible financial exposure to the client with our insurance limit.
- Contributions to equity through customer fees are monitored based on minimum margins on both business unit and holding level, which were positive in recent years.

For the impending year (2024), we do not expect new and/or significant risks that could have a material impact or have our continuity risk compromised.

Regulatory risk

Continued endeavours were necessary to remain compliant with market supervision laws and regulations applicable to PGGM Investments. Please see chapter 3.3.b for more information.

The Legal Committee reviewed new legislations and/or amendments that could have an impact on PGGM. The Legal Committee reported quarterly to the Board of Directors. For laws and regulations we uphold a low risk appetite hence we have various control measures and policies in place. Ranging from Tax, Legal & Regulatory, Shareholder Litigation, Compliance, Asset Management, and regulatory communication obligations.

Policies ensure that legal specialists are engaged in both new and amended asset management contracts Both internal and external transactions on markets are validated in accordance with investment guidelines. PGGM conducted a thorough business relationship check for both new and existing relationships, which will be monitored and adjusted continuously where needed, in accordance with laws, regulations, sanctions and exclusions. This evolves e.g., laws – and regulation risks for which we have a low risk appetite, and the following risk mitigation measures, business monitoring from compliance teams, legal & regulatory specialists advising on both current and/or upcoming changes, a Legal Committee, etc.

Financial risk

PGGM Investments had (and still has) a healthy financial position. Total costs developed without significant deviations in line with the budget and the forecast. The risk appetite is medium, where close attention is given to align budgets with strategic long term goals. The investment portfolios are managed on behalf of and at the risk of our clients. This means that the financial risks arising from these investment portfolios have no direct impact on the financial position of our organisation. The capital and liquidity position held over 2023 is considered sufficient according to DNB.

Risk Cluster Service

Proces (run) risk

We are exposed to operational risks in the performance of our clients' assignments. In order to mitigate these risks, PGGM Investments has structured its processes in such a way that it is demonstrably in control. PGGM Investments issues Standard 3402 and 3000 reports on its asset management services. The independent auditor PricewaterhouseCoopers Accountants N.V. examined our key controls and issued an unqualified assurance report for 2023.

In 2023 operational process specialists reviewed numerous processes, assessing various necessitates such as risk appetites, risks, management measures, systems, laws and regulations. Reviewing the processes from multiple angles with distinctive management measures for explicit process components, further improves our supervision abilities and amplifies agility.

Furthermore, we thoroughly examine incidents centrally, in order to clarify whether or not it could have been prevented and/or how we can prevent such events, looking forward. Through appraising the involved components and impacts, e.g., in case in analyses it delineates that IT systems played a pivotal role and/or significant IT changes are made, such as moving systems to the cloud, internally referred to as ‵′the modern workplace′′. Multiple cross-functional experts will be involved while answering the question ‵′are there (any) changes needed, when aspiring towards prevention, looking forward?′′ In this particular example, among others team members involved could be from IT-departments, the designated business team, enterprise risk management team, data, external management, etc. Where results could be adjusting mitigation measures, components that are ramified with the interactivity between humans and IT-system, and/or contractual agreements with external parties. In 2023 we conclude that we did not experience any major incidents. Risk appetite is low for both process run and process run IT, due to possible reputational risk and/or not being able to function as a business. Leading to risk mitigation measures such as having a 3-line risk management framework, data quality guidelines, protection protocols for sensitive data.

Business Risk

We have a medium risk appetite with regards to business risk, in order to be able to accomplish strategical organisational goals and also be able to adjust to possible changes in an agile manner. Some risk mitigation measures involve, service level agreements, multi-year policy plans, monitoring cost and quality in conformity with agreements that we made with our clients.

PGGM Investments ensured that it maintains sufficient capital to manage its risks and conforms to a low-risk appetite. The company aimed to maintain capital levels well above the minimum required, and liquidity levels are comfortably above the required levels. For 2023, DNB's conclusion was that the capital level and liquidity position calculated by PGGM Investments were sufficient.

As a result of mainly fixed fee agreements with clients, there is limited risk of shrinkage of revenues. As part of our client strategy and therefore anticipated, revenues declined in 2023. The financial effects of several clients leaving have been taken into account in the multi-annual plan. Profit margins remained positive. Reduced AuM and fees had no significant impact on the capital threshold requirements therefore we consider the capital buffer as prudent.

The risk appetite is Low. Risks that could have a financial impact were evaluated comprehensively and in accordance hedge measures are put in place. Such as, liability agreements with clients, ranging impairment insurance policies, and an equity cushion, as part of the Own Funds Policy. Adequacy of these measures have been tested in scenario simulations.

Liquidity risk

The cash balance of PGGM Investments was € 37.0mln as at 31 December 2023 (2022: € 80.7mln). PGGM Investments has invested a portion of its cash equivalents in money market funds managed by BlackRock and Goldman Sachs. In 2023, in accordance with the policy, cash equivalents totalling €40.7 million (2022: €0.0 million) were invested in money market funds. Investments in money market funds are freely tradable on a daily basis. All funds from the securities are freely available. In 2023, PGGM Investments' liquidity position was sufficient to cover all cash outflows from operating, investment and financing activities and there were no additional finances required. The liquidity risk is therefore perceived to be limited.

Capital requirement

For PGGM Investments, the threshold of the capital held is subject to requirements of the Internal capital adequacy assessment process and internal risk-assessment process (ICARAP). To this end, PGGM Investments has drawn up a specific capital adequacy policy. The requirements set by DNB have been incorporated into this policy. It is important for the continuity of PGGM Investments that sufficient capital is held being able to deal with the possible financial consequences of the identified risks. The Finance & Control department monitored the adequacy of the capital held in 2023.

Human Resources risk

The "tight" labour market continues to generate challenging times hence, our expanded HR endeavours were extended in 2023. On strategic grounds fostering human capital is a prominent priority for PGGM therefore, amplified undertakings were put into execution.

A mid-level risk appetite for HR risk is reinforced with numerous control measures. Recruitment, selection, remuneration, performance & development policies, and a products & services catalogue, to name a few. Furthermore, reflective initiatives enlightened the need for extra attention with regards to knowledge and skills for modelbuilding, maintenance, and development. Progress is monitored by model specialists. This involves risks that could lead to PGGM not being able to have sufficient and quality employees for the purpose of accomplishing strategical organisational goals.

New Pensions System

The pension reforms and its main principles may have moved towards increased uncertainty concerning the new pension law due to the 2023 Dutch general elections. Questioning the impact extend, if at all, of the new pension system for Dutch pension funds. PGGM started preparations for the new pension system in 2021 for both the propositions and operations, in various future scenarios. PGGM will continue with these endeavours and will monitor the developments regarding the pension regulations closely. We have a medium risk appetite, due to among others possible negative media attention, risk mitigation measures are internal information sessions, and preparations from components of which impact analyses showed possible adjustments would possibly be needed, furthermore we closely follow political progressions for which we include impact analyses if deemed applicable.

Model Risk

At the end of 2023 there were 6 models used by Investment Management which were not fit for use. Two are used for the preliminary valuation of Private Equity for its clients. The risk of using these models is that the preliminary valuation deviates too much from reality and changes need to be made to the annual report of the clients later. Investment Management consults experts to estimate the preliminary value of Private Equity. The risk is therefore managed.

The other models are the SFDR and greenhouse gas (GHG) models. The risk is that incorrect information is reported due to model risk. Given reporting requirements based on best effort, this is Investment Managements best effort. Other risks, especially that there are no reliable data available, are larger risks for incorrect information than the model risk. For model risk we have a low-risk appetite and set model policies incl. back testing as risk mitigation techniques.

Risk Cluster Reputation

Reputation and Stakeholders risk

PGGM proactively monitored media exposure of both clients and PGGM periodically, overseeing and mitigating reputational risks as well as acting on opportunities. In order to manage risks comprehensively we worked closely with clients (PFZW), monitor client relationship, measure client satisfaction and scope stakeholders. A low-risk appetite formed the following management measures: active press relationship management, monitoring and interpreting media exposure; internal dynamics, internal advice and guidance to relevant stakeholders. This involves the risk that PGGM would be negatively depicted within the media coverage space, for which we have a medium appetite, among others some risk mitigation measures are, centralized incident structures, processes, and policies, privacy and cyber risk mitigation measures etc.

Company financial statements PGGM Vermogensbeheer B.V.

Company balance sheet as at 31 December 2023

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

	Ref	31 December 2023	31 December 2022
Assets			
Fixed assets			
Intangible fixed assets		310	607
Property, plant and equipment		11	16
Financial fixed assets	24	1,058	1,530
Total fixed assets		**1,379**	**2,153**
Current assets			
Receivables	25	26,075	23,053
Securities		40,709	-
Cash and cash equivalents		36,994	80,689
Total current assets		**103,778**	**103,742**
Total assets		**105,157**	**105,895**
Liabilities			
Equity	26		
Paid and called-up capital		100	100
Statutory reserve		5	5
Share premium reserve		34,400	34,400
Other reserves		54,880	50,309
Undistributed profit		8,226	12,570
Total equity		**97,611**	**97,384**
Provisions			
Other provisions	27	430	2,923
Total provisions		**430**	**2,923**
Current liabilities			
Current liabilities	28	7,116	5,588
Total current liabilities		**7,116**	**5,588**
Total liabilities		**105,157**	**105,895**

Company income statement for 2023

(amounts in thousands of euros)

	Ref	2023	2022
Result participating interests	*5*	-328	-259
Other result after taxes		8,554	12,829
Result after taxes		**8,226**	**12,570**

Notes to the company financial statements

23 General

The company financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code and distinct pronouncements from the financial reporting guidelines published by the Dutch Accounting Standards Board. The principles of valuations and to determine the result for the Company financial statements and the Consolidated financial statements are equal. Participating interests in group companies are valued based on the net asset value in accordance with the relevant paragraph of the Consolidated financial statements. For the principles of the valuation of assets and liabilities and to determine the result, refer to the general notes and accounting principles included in note 1 and note 2 on the consolidated balance sheet and the income statement.

24 Financial fixed assets

	Participating interests	Deferred tax assets	Total
Balance as at 1 January 2022	**634**	**-**	**634**
Movements			
Investments	400	-	400
Disposals	-	-	-
Result participating interests	-259	-	-259
Change in value	-	755	755
Balance as at 31 December 2022	**775**	**755**	**1,530**
Movements			
Investments	500	-	500
Disposals	-	-	-
Result participating interests	-328	-	-328
Change in value	-	-644	-644
Balance as at 31 December 2023	**947**	**111**	**1,058**

PGGM Investments has a shareholding of 25% in Design Authority. Our interest in Design Authority B.V. yielded a negative result of € 0.3mln (2022: negative result of € 0.3mln).

The participating interests concern the following companies:

Name Place of business capital	Share in issued	
PGGM Australia Nominees Pty Limited	Sydney, Australia	100%
Design Authority B.V.	Amsterdam, The Netherlands	25%

After recognizing the provision in 2022 (€2.9 million), a deferred tax asset was recognized. The usage of the provision resulted in the change in value. For further details, please refer to note 10 in the consolidated financial statements.

25 Receivables

	31 December 2023	31 December 2022
Accounts receivable	-	22
Receivables from group companies	584	712
Receivable from PGGM investment funds	300	1,355
Amounts to be invoiced	17,090	16,278
Prepayments and accrued income	8,101	4,686
Total	**26,075**	**23,053**

For the disclosure of the receivables, we refer to note 6 in the consolidated financial statements.

26 Equity

	Paid and called-up capital	Statutory reserve	Share premium reserve	Other reserves	Undistributed profit	Total
Balance as at 1 January 2022	**100**	**5**	**34,400**	**48,455**	**19,854**	**102,814**
Appropriation of profit for 2021	-	-	-	19,854	-19,854	-
Dividend paid	-	-	-	-18,000	-	-18,000
Result for 2022	**-**	**-**	**-**	**-**	**12,570**	**12,570**
Balance as at 31 December 2022	**100**	**5**	**34,400**	**50,309**	**12,570**	**97,384**
Appropriation of profit for 2022	-	-	-	12,570	-12,570	-
Dividend paid	-	-	-	-7,999	-	-7,999
Result for 2023	**-**	**-**	**-**	**-**	**8,226**	**8,226**
Balance as at 31 December 2023	**100**	**5**	**34,400**	**54,880**	**8,226**	**97,611**

The capital of PGGM Investments is divided into 100 ordinary shares with a nominal value of € 1,000 each. Of these, 100 shares have been issued and are paid up.

For PGGM Investments the capital requirement for the prudential capital at year-end 2023 is € 58.2mln (2022: € 64.7mln). Consequently, the regulatory capital as at 31 December 2023 complies with the DNB's prudential capital requirements.

Undistributed profit

The total result after taxes amounts to € 8.2mln (2022: €12.6mln).

Proposal for profit appropriation

It is proposed to the General Meeting of Shareholders that the result after taxes for 2023 will be added to the other reserves.

27 Provisions

For the disclosure of the provisions, we refer to note 10 in the consolidated financial statements.

28 Current liabilities

	31 December 2023	*31 December 2022*
Creditors	578	1,602
Amounts owed to group companies	808	530
Accruals and deferred income	5,730	3,456
Total	**7,116**	**5,588**

For the disclosure of the current liabilities, we refer to note 11 in the consolidated financial statements.

29 Transactions with related parties

Transactions with related parties exist when there is a relationship between the company, its participating interests, their Board members and management. There were no transactions with related parties which were not conducted at arm's length.

30 Subsequent events

For the disclosure on post-balance sheet date events, we refer to note 21 'Subsequent events' in the consolidated financial statements.

Zeist, 27 March 2024

The Management Board,	Supervisory Board,
Geraldine Leegwater	Edwin Velzel
Arjen Pasma	Willem Jan Brinkman
Danny Slots	Daniëlle Melis
Erik van de Brake	

Part 4 Other information

Independent auditor's report

Independent auditor's report

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

Report on the audit of the financial statements 2023

Our opinion

In our opinion, the financial statements of PGGM Vermogensbeheer B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2023, 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 2023 of PGGM Vermogensbeheer B.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 at 31 December 2023;
- the consolidated and company income statement 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.

Independence

We are independent of PGGM Vermogensbeheer B.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

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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 Vermogensbeheer B.V. and its environment and the components of the internal control system. This included the board of directors’ risk assessment process, the board of directors’ 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 3.2 ‘Key risks and uncertainties in 2023’ of the board report for management’s fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures, the Systemic Integrity Risk Assessment, risk framework and the insider trading policy, among other things. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

We asked members of the board of directors (‘management’) as well as the head of the internal audit department, the head of the compliance department, , representatives of the finance department and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

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.

Identified fraud risks	***Our audit work and observations***
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management’s unique ability to manipulate accounting records and prepare fraudulent financial statements by overriding 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. This includes the risk of bias by management when setting assumptions.	Where relevant to our audit, we: • evaluated the design and effectiveness of internal control measures, that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes of generating and processing journal entries; • performed data analyses to identify potential fraudulent journal entries based on specific fraud risk criteria and • performed specific audit procedures on management estimates, with attention to the variable remuneration component as part of employee expenses that are charged through by PGGM N.V., PGGM Vermogensbeheer B.V.’s parent entity. We specifically paid attention to the inherent risk of bias of management in estimates.

In this respect, we gave specific consideration to: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • possible management bias in management estimates; • significant transactions, if any, outside the normal course of business for the entity and its subsidiaries.	We did not identify significant transactions outside the normal course of business. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we 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 section 3.2 'Key risks and uncertainties in 2023' in the board report the board of directors performed their assessment of the entity's ability to continue as a going concern for at least 12 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 board of directors' going concern assessment included, amongst others:

- considering whether the board of directors' going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the board of directors regarding the most important assumptions underlying its going concern assessment.
- Analysing the capital and liquidity position of PGGM Vermogensbeheer B.V., and comparing these positions towards the minimum regulatory required capital and liquidity.
- evaluating the board of directors' current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry, current developments in the contract portfolio] and all relevant information of which we were aware as a result of our audit;
- performing inquiries of the board of directors as to its knowledge of going concern risks beyond the period of the board of directors' assessment.

Based on our procedures performed, we concluded that the board of directors' use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

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

Responsibilities for the financial statements and the audit

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

The board of directors 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 board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors 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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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, 27 March 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. IJspeert RA

Appendix to our auditor's report on the financial statements 2023 of PGGM Vermogensbeheer B.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 board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Provisions of the Articles of Association governing appropriation of the result

Profit appropriation takes place in accordance with Article 30 of the Articles of Association:

30.1 The General Meeting is authorised to appropriate the profit determined by the adoption of the financial statements and to determine the distribution of profits or the reserves, in as far as the equity exceeds the statutory reserves.

30.2 Distribution decisions are subject to the approval of the Management Board. The Management Board will refuse approval only if they know or could reasonably be expected to foresee that the company would not be able to continue payment of its due debts after the distribution.

30.3 When calculating each distribution, the shares which the company holds in its own share capital are not included.

30.4 A deficit may only be charged to the statutory reserves to the extent that this is permitted by law.

General Information

Address details

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www.pggm.nl
Commercial Register registration number 30228490

Management Board

Geraldine Leegwater
Arjen Pasma
Frank Roeters van Lennep
Danny Slots
Erik van de Brake

Supervisory Board

Edwin Velzel, chair
Willem Jan Brinkman
Danielle Melis

Independent auditor

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

Thomas R. Malthusstraat 5, 1066 JR Amsterdam
Telephone +31 (0)88 - 792 00 20

Retirement schedule for executive and supervisory positions.

Name	Date of appointment	End of term of appointment
Edwin Velzel	3 May 2018	3 May 2026
Willem Jan Brinkman	27 January 2021	27 November 2027
Danielle Melis	1 April 2022	1 April 2026

Ancillary positions held by Board of Directors

Geraldine Leegwater (1971)

Nationality: Dutch

Primary position: Chief Investment Management PGGM Vermogensbeheer B.V.

Management and supervisory positions:

- Board member Dutch Fund and Asset Management Association
- Board member GAK
- Academisch director ESAA Erasmus University
- Member of Supervisory Board Amvest Vastgoed B.V.

Arjen Pasma (1974)

Nationality: Dutch

Primary position: Chief Fiduciary Investments PGGM Vermogensbeheer B.V.

Management and supervisory positions:

- Member of Supervisory Board Pensioenfonds SNS Reaal

Frank Roeters van Lennep (1958)

Nationality: Dutch

Primary position: Chief Investment Officer PGGM Vermogensbeheer B.V.

Management and supervisory positions:

- Advisor to the Board SCW Systems-Alkmaar
- Member of Supervisory Board Stichting REF FM
- Director Rel.com Beheer B.V.
- Director Rel.com Praktijk B.V.

Danny Slots (1968)

Nationality: Dutch

Primary position:
Chief Financial & Risk Officer Investment Management PGGM Vermogensbeheer B.V.

Management and supervisory positions: None

Erik van de Brake (1967)

Nationality: Dutch

Primary position: Chief Transformation Officer PGGM Vermogensbeheer B.V.

Management and supervisory positions: None

Ancillary positions held by members of the Supervisory Board

Edwin Velzel, Chairman (1963)
Nationality: Dutch

Primary position Chief Executive Officer (CEO) PGGM N.V.

Management and supervisory positions:

- Executive Board Chairman at PGGM N.V.
- Member of Supervisory Board at PGGM Vermogensbeheer B.V.
- Member of Supervisory Council at Gelre hospitals
- Board member Stichting Healthcare4Ukraine

Willem Jan Brinkman, deputy chair (1973)
Nationality: Dutch

Main position Chief Financial & Risk Officer (CFRO) PGGM N.V.

Management and supervisory positions:

- Member of Executive Board at PGGM N.V.
- Member of Supervisory Board at PGGM Vermogensbeheer B.V.
- Member Economic Board Utrecht

Danielle Adriana Maria Melis (1972)
Nationality: Dutch

Main position: Member of Supervisory Board at PGGM Vermogensbeheer B.V.

Management and supervisory positions:

- Member of Supervisory Board Triodos Bank N.V.
- Member of Supervisory Board at Blue Sky Group Holding B.V.
- Board Member at Stichting Algemeen Pensioenfonds Stap
- Chair at Stichting Madurodam
- Member of Supervisory Board Stichting DSI (as of November 2023)
- Member of the DSI Disciplinary Committee (until November 2023)

Information

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