

Annex to the PGGM Guidelines Responsible investment in Private Real Estate

January 2021 (v2021.10)

1. Applicability

The Guidelines Responsible investment in Private Real Estate are applicable to the following products of PGGM Vermogensbeheer B.V.:

The PGGM Private Real Estate Fund.

2. Disclosures with respect to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector ('SFDR')

- A) The following products of PGGM Vermogensbeheer BV are article 8 products within the meaning of the SFDR; The PGGM Private Real Estate Fund.
- B) Disclosures with respect to article 8 SFDR:

PGGM Private Real Estate Fund

Article 8 Disclosure Regulation

For the purposes of article 8(1) of the Disclosure Regulation, PGGM considers that the Fund is a financial product which promotes, among other characteristics, environmental and social characteristics.

Environmental and Social Characteristics

The Fund invests worldwide predominantly in unlisted real estate funds (both semi-open-ended and closed-ended), real estate companies and real estate joint ventures. PGGM has integrated ESG factors are structurally integrated into the investment process. Portfolio companies are analysed and monitored on their strategic and financial merits as well as their ESG performance. PGGM has declared the Exclusions and Exclusion Lists Implementation Guideline, as restrictions with regard to responsible investment, applicable to the Fund.

How the Environmental and Social Characteristics Are Met

PGGM has integrated ESG considerations into the investment and portfolio management process. The ESG integration process covers the whole portfolio and it is organized around the different investment stages: selection and monitoring. In the selection stage, PGGM selects managers and/or portfolio companies. In contracts with managers, PGGM includes ESG key performance indicators and best practice reporting requirements. When screening potential investments, PGGM focuses on sustainability risks which are material for the real estate sector, namely energy management, water management, management of tenant sustainability impacts and climate change adaptation. In the monitoring phase, PGGM monitors investments on an ongoing basis and periodically meets with the selected managers.

PGGM carefully considers, monitors and actively engages its real estate managers to mitigate identified risks. PGGM actively uses its influence to achieve improvements in the ESG field, thereby contributing to the quality, sustainability and continuity of companies and markets. PGGM sees it as its responsibility to engage with market parties and companies about their policies and activities. In this way, it attempts to realise ESG-related improvements.

As regards the exclusion set out above, the restrictions with respect to responsible investments as included in the exclusion list as published on PGGM's website are applicable: <https://www.pggm.nl/wat-doen-we/uitsluitingen/Paginas/default.aspx>. As from 1 January 2022 at the latest, PGGM shall avoid new investments in companies that are in very severe violation of the OECD guidelines and/or the UN Global Compact principles. When feasible, PGGM shall undertake best efforts to divest existing exposures to these companies all together and/or shall engage with the companies, or a selection thereof, that are in (very) severe violation of the OECD guidelines and/or the UN Global Compact principles.

Good Governance

PGGM is committed to strong governance of the Fund. The portfolio companies are expected to be fully transparent. This means that all relevant information regarding the investment must be available to all investors in the Fund.

Methodologies Used to Assess, Measure and Monitor the Environmental and Social Characteristics or the Impact of the Sustainable Investments

Across its entire portfolio PGGM uses the Materiality Map of the Sustainable Accounting Standards Board (SASB) as the framework to identify material ESG issues per sector. Similarly, private real estate takes the SASB Materiality Map into account when analysing ESG risks and opportunities in the investment process. Each quarter the private real estate team provides an update of its responsible investment activities in the clients quarterly report. This includes information regarding stewardship activities, impact investing and integration of ESG-factors in its investment decisions. PGGM monitors its investments on an ongoing basis and periodically meets with selected managers. ESG, including (potential) adverse impact, is an important part of the reporting requirements and the periodic review meetings.

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