

Sustainability Related Disclosure

Sustainable Finance Disclosure regulation

PGGM Private Equity Fund

(PE Fonds)

This document provides you with information about this financial product in relation to the Sustainable Finance Disclosure Regulation. The information is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

(a) Summary Dutch		
This section summarizes all the information contained in the different sections below about the financial product that promote environmental or social characteristics.		
Naam financieel product	PGGM Private Equity Fund	
Classificatie product	Artikel 8 SFDR	
b. Geen duurzame beleggingsdoelstelling	van toepassing (geen duurzame beleggingsdoelstelling)	
c. Ecologische of sociale kenmerken	We promoten de volgende E/S kenmerken. Ecologisch: klimaatmitigatie, duurzaam gebruik en bescherming van water en aarde via uitsluitingen. Sociaal: mensenrechten, gezond leven, werknemersomstandigheden, bestrijding van (poging tot) en omkoping en afpersing.	
d. Beleggingsstrategie	Door de opname van ESG factoren in onze beleggingsbeslissingen creëren we een verantwoorde beleggingsbasis. De beleggingsovertuigingen voor verantwoord beleggen specificeren onze minimum standaarden. Deze minimumstandaarden zijn van toepassing op alle beleggingen en bevatten uitsluitingen en screening voor compliance met de OECD Guidelines for Multinational Enterprises en de principes van UN Global Compact.	
e. Aandeel beleggingen	100% E/S	
f. Monitoring ecologische of sociale kenmerken	<i>Uitsluitingen</i>	van toepassing
	<i>OECD-screening</i>	van toepassing
	<i>CO₂-doelstelling</i>	van toepassing
g. Methodologieën	Om het behalen van de E/S-kenmerken te meten, passen we duurzaamheidsindicatoren toe	
h. Databronnen en -verwerking	<i>Uitsluitingen</i>	RepRisk
	<i>OECD-screening</i>	RepRisk
	<i>CO₂-doelstelling</i>	
i. Methodologische- en databeperkingen	<i>Ontbrekende data</i>	van toepassing
	<i>CO₂-methodologie</i>	van toepassing
j. Due diligence		
k. Engagementbeleid	van toepassing	
l. Aangewezen referentiebenchmark	Niet van toepassing	

(a) Summary English		
This section summarizes all the information contained in the different sections below about the financial product that promote environmental or social characteristics.		
Name financial product	PGGM Private Equity Fund	
Classification product	Article 8 SFDR	
b. No sustainable investment objective	applicable (No sustainable investment objective)	
c. Environmental or social characteristics of the financial product	Environmental characteristics promoted are climate change mitigation and sustainable use and protection of water and soil via exclusions of Investments. Social characteristics promoted regard Human Rights, Healthy living, Employment Relations, Combating Bribery, Bribe Solicitation and Extortion via exclusions	
d. Investment strategy	We apply a responsible basis for our investments, by including ESG factors in our investment decisions. The Beliefs and Foundations for Responsible Investment specify strict minimum standards for our investments. The minimum standards are applicable to all our investments and include exclusions and screening of investments on compliance with OECD Guidelines for Multinational Enterprises/ UN Global Compact principles (hereinafter: "OECD screening").	
e. Proportion of investments	100% E/S aligned	
f. Monitoring of environmental or social characteristics	<i>Exclusions</i>	applicable
	<i>OECD-screening</i>	applicable
g. Methodologies	In order to measure the attainment of the E/S characteristics we apply sustainability indicators	
h. Data sources and processing	<i>Exclusion</i>	RepRisk
	<i>OECD-screening</i>	RepRisk
	<i>CO₂-target</i>	not applicable
i. Limitations to methodologies and data	<i>Missing data</i>	applicable
	<i>CO₂ methodology</i>	applicable
j. Due diligence	PGGM private equity has three types of investment (primary and secondary fund and co-investments). In the selection stage, PGGM private equity assesses whether the investment partners will treat ESG risks and opportunities appropriately and in line with PGGM's responsible investment strategies and beliefs.	
k. Engagement policies	applicable	
l. Designated reference benchmark	Not applicable	

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

What are the environmental or social characteristics that the financial products promotes?

The product includes the following E/S characteristics

- Environmental characteristics promoted are climate change mitigation and sustainable use and protection of water and soil via exclusions of investments
- Social characteristics promoted regard Human Rights, Healthy living, Employment Relations, Combating Bribery, Bribe Solicitation and Extortion via exclusions and screening of investments on compliance with OECD Guidelines for Multinational Enterprises/ UN Global Compact principles (hereinafter: "OECD screening").
- No reference benchmark is used to attain the social or environmental characteristics promoted

(d) Investment strategy

What is the investment strategy used to meet the environmental or social characteristics promoted by the financial product?

The Private Equity Fund works with external managers (i.e. general partners, GPs) to implement its sustainability strategy. The fund therefore has integrated environmental, social, and governance (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, commitment, and ownership.

In the selection stage, PGGM private equity assesses whether the investment partners will treat ESG risks and opportunities appropriately and in line with PGGM's responsible investment strategies and beliefs. In the commitment stage, PGGM private equity looks for GPs who demonstrate willingness and commitment to improve on their approach towards ESG on the areas covered in the ESG Integration Assessment questionnaire. In the ownership stage, PGGM private equity actively monitors and engages with GPs on ESG integration.

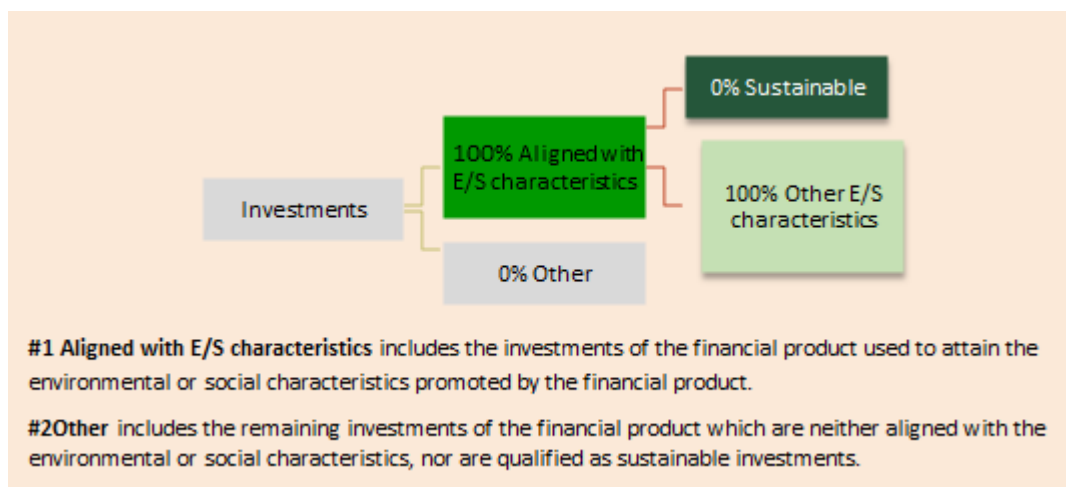
What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

PGGM assesses the companies it invests in also with regard to good governance practices (GGP), in particular with respect to sound management structures, employee relations remuneration of staff and tax compliance. For this we use the OECD Due Diligence process which is based on the UN Global Compact Principles and OECD Guidelines for Institutional Investors. In particular Principle 3-6 UN Global Compact and Chapter II, V, X and XI OECD Guidelines for Multinational Enterprises (GGP Proxies).

Since 2021, we establish in our sideletter with our GPs, that the GPs need to comply with the OECD guidelines and UN Global Compact principles and otherwise exclude us.

In case a company does not follow good governance practices they are not invested in.

(e) Proportion of investments



(f) Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product and what are the related internal or external control mechanisms?

Exclusions

We choose to exclude certain investments. This prevents investments managed by PVBV from contributing financially to certain practices that have a negative impact on sustainability factors and that therefore do not match the standards and values of PVBV, its clients and their participants. We adhere to a strict lower limit, which applies to all PGGM funds managed by PVBV and all public and private segregated mandates for individual clients managed by PVBV. The companies in the benchmark that do not meet the criteria of the lower limit will be placed on a list referred to as the exclusion list. This list is regularly updated, at least twice per calendar year. We use external data providers (such as Sustainalytics, Trucost and Bloomberg) and our own analyses to compile the list of exclusions. The list of exclusions is available on [our website](#).

External managers are responsible for complying with and monitoring the exclusion list in accordance with the contractual agreements. This includes the correct implementation of the exclusion list. PVBV monitors compliance with the obligations and the external managers also adhere to the obligations.

OECD screening

In the OECD screening, companies are given a score based on incidents within their own production locations and in the supply chain.

To assess the seriousness of the negative impact of companies on people and the environment, we have developed a screening method based on data from RepRisk to screen our portfolio for UN Global Compact and OECD Guidelines violations, as well as high impact incidents.

Very severe and severe violation will lead to an exclusion of the companies involved, unless a severe violation occurs at a large company. In that case we prefer to first engage with the company as engagement with the larger companies could have more effect than just divesting. In case the engagement does - within a reasonable timeframe – however not lead to indicated changes, the company will also be excluded.

The OECD screening is used for pre-investment as well as periodic monitoring of the portfolio. The OECD screening list is updated twice a year.

(g) Methodologies

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

In order to measure the attainment of the above E/S characteristics, we apply the following sustainability indicators:

- Number of companies that are involved and/or have (revenue) exposure to exploration of oil and gas.
- Number of companies involved in the production of tobacco and/or tobacco products (for example cigarettes, cigars, chewing tobacco etc.) and companies which are (co-)owners of companies engaged in the production of tobacco and/or tobacco products (with regard to ownership, PGGM applies the principle of controlling interest, meaning an interest in a joint venture and/or an interest of 30% or more in a listed company);
- Number of companies deriving more than 5% of their total revenues from producing (mining) thermal coal or more than 30% from power generation using thermal coal;
- Number of companies deriving more than 1% of their total revenues from producing oil out of tar sands/oil sands;
- Number of companies involved in the production and distribution of controversial weapons (1. Weapons of mass destruction (a) nuclear weapons, b) chemical weapons and c) biological weapons) and 2. Weapons with a considerable risk of casualties (including among civilians) during and/or after military conflict (a) antipersonnel mines, b) cluster bombs and c) munitions with depleted uranium);
- Number of companies deriving more than 1% of their total revenues from Arctic oil drilling;
- Number of investments in liquid equities and credit of Russian and Belarus companies, defined as (1) companies that are identified as 'Russian' or 'Belarus' by the benchmark providers, and/or (2) that have the majority of their business in Russia, according to our data providers ('country of risk');
- Number of bonds (including inflation-linked government bonds and other debt securities – without a predefined purpose – of central government and local authorities) issued by states on which the UN Security Council and/or the Council of the European Union have imposed restrictive measures (sanctions), if these are targeted at the country itself or the incumbent government and concern a weapons embargo or relate to a situation of gross and systematic violation of human rights, or if there is possible deployment of controversial weapons.

- Number of companies that violate the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- For new investments, as of 1-1-2023, number of companies, that derive more than 25% of revenues from, or have more than a 50% interest in a subsidiary, joint venture or publicly listed company which derives more than 25% of its revenue from, the exploration, extraction or mining, production, refining, processing, marketing, storage or transportation of fossil fuels and/or materials, goods or services primarily engaged to the exploration, extraction or mining, production, refining, processing, marketing, storage or transportation of fossil fuels; unless (i) such revenue is derived from the storage or transportation of natural gas and/or materials, goods or services primarily engaged to the storage or transportation of natural gas, or (ii) such Portfolio Company has committed to, as confirmed and endorsed by [the Manager/General Partner] to the PGGM Investor, realize 'Paris-alignment' (net zero emission by 2050) of the Portfolio Company and its affiliates and their activities with the UNFCCC Paris Agreement and to determine a verifiable strategy and timeline to become 'Paris aligned' (net zero emission by 2050).

(h) Data sources and processing

- What are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?
- What measures are taken to ensure data quality?
- How is data processed?
- What is the proportion of data that are estimated?

Data sources

Private Equity makes use of ESG data from the following external data vendors:

- Exclusions and minimum sustainability requirements:
 - RepRisk: ESG data is used as input for screening methodology for non-listed companies, based on OECD Guidelines for Multinational Enterprises and UN Global Compact Principles

Data quality and processing

When selecting data vendors, multiple aspects of data quality are assessed, including the completeness of the data for the intended investment universe of the product, the methodology and data quality controls performed by the data vendor. Data vendors are evaluated prior to the date of contract extensions.

The screening methodology on OECD Guidelines for Multinational Enterprises and UN Global Compact Principles is part of a wider and partly qualitative process in which the data driven results are checked and validated manually for every company that is flagged as a result of the screening.

Estimated data

The full Private Equity portfolio is covered by RepRisk.

(i) Limitations to methodologies and data

What are potential limitations to the methodologies or data sources and how do such limitations not affect how the environmental or social characteristics promoted by the financial product are met?

Missing ESG data

The most prominent limitation to methodologies and data is the lack of availability of complete and consistent ESG data caused by incomplete, inadequate and/or non-standardized reporting by investee companies in the field of sustainability and sustainability risks. This is a challenge faced by the entire asset management industry, but the expectation is that this will improve over time as more companies adhere to existing initiatives and standards on sustainability (risk) reporting (e.g. CDP, TCFD, PCAF) and because of new legislation in this area (e.g. the EU's Corporate Sustainability Reporting Directive in 2024).

In order to mitigate the risk of missing or inconsistent ESG data, we promote a standardized ESG Reporting Template for Private Equity. This template includes the indicators at portfolio company level from the ESG Data Convergence Initiative (EDCI).

Limitations to GHG methodologies

PGGM is committed to follow industry standards with regards to GHG calculations and reporting. Most noticeably, PGGM aims to follow the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard and the Task Force on Climate-related Disclosures (TCFD) framework if possible.

(j) Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

In the selection stage, PGGM private equity assesses whether the investment partners will treat ESG risks and opportunities appropriately and in line with PGGM's responsible investment strategies and beliefs. The selection stage for Private Equity Investments entails the following:

Primary fund investments: The first step in this stage is to screen country and sector risks within the GP's investment strategy by applying the internal ESG risk score. The ESG risk score is a set of tools using data from external data providers (MSCI and Sustainalytics) on country and sector risk. This gives directional insights into material ESG risks in the GP's strategy.

The second step is to assess a GP's capabilities to manage ESG risks and opportunities. During the due diligence phase, PGGM Private Equity uses its ESG Assessment Questionnaire to score GPs. The Assessment includes question on the following topics to make an assessment of the GP's ESG approach: (1) ESG policy, (2) industry initiatives: UNPRI or other industry participation (3) Governance – responsibility for ESG within GP, (4) ESG integration in investment process, (5) ESG monitoring – KPI tracking, (6) ESG reporting, (7) Climate change, (8) Diversity & Inclusion (9) Level of interest. This questionnaire is filled in by the deal teams based on desk research and interviews with the GP. The scoring of GPs is summarized within the final investment proposal (FIP), the document upon which the relevant Investment Committee(s) takes a decision on whether or not to make a commitment. The ESG analysis in the FIP also serves as an important input for the ownership stage.

Secondary fund investments: The first step in this stage is to screen the portfolio for compliance with the Implementation Guideline on Exclusions (in the Responsible Investment Implementation Framework) and

Exclusion List. The second step is to run the portfolio through the RepRisk database to screen for UN Global Compact and OECD Guidelines violations, as well as high impact incidents, following the process.

The third step is to screen country and sector risks within the underlying companies in the portfolio, as well as in the GP's investment strategy by applying the internal ESG risk score. This quantitatively assesses ESG risks in portfolio companies and gives directional insights into material ESG risks in the GP's strategy. Data on country and sector risks are provided by Sustainalytics and MSCI, respectively.

The fourth step is to assess a GP's capabilities to manage ESG risks and opportunities, as described at the second step for primary fund investments.

Co-investments: For a complete sustainability analysis of investee companies, we apply our co-investment ESG-process. It ensures compliance with PGGM's and clients' policies, regulatory requirements, ESG risks and adverse impacts. The Sustainable Accounting Standards Board (SASB) Materiality Map is an important source for the process. The co-investment ESG process includes the following steps: 1.1 Check exclusion list, 1.2 OECD screening, 1.3 Check if investment contributes to the UN SDGs. 2.1 what are material ESG topic identified by SASB standards, 2.2 Negative impact screening a.o. with RepRisk, 3.1 ESG roadmap assessment (policy, practice and plans), 3.2 GP ESG Assessment (as per above).

(k) Engagement policies

What is the engagement policy applied, in the case that engagement is part of the environmental or social investment strategy (including any management procedures applicable to sustainability-related controversies in investee companies)?

Active and involved shareholdership

PVBV uses its influence as a shareholder to constantly monitor developments in the companies in its portfolio and, where necessary, making improvements in the area of ESG. We do this by engaging in conversation (dialogue), by implementing predefined improvements in the area of ESG (engagement), by exercising our voting rights and, in extreme cases, by issuing legal proceedings.

i) Dialogue and engagement

PVBV has a Responsible Investment (RI) team for setting up, monitoring and reporting on the implementation of engagement. RI uses an assessment framework (see 'Figure: Assessment Framework for Implementation of Engagement' in the Responsible Investment Implementation Framework) to establish the most appropriate way to implement engagement - as established in the policy. Depending on the theme and/or sector, RI uses various (external) data sources and data providers. Information is also involved via our membership organisations and collaborations with like-minded institutional investors. PVBV monitors the progress of executed engagement processes by recording these in an Engagement Data Base (EDB) that we ourselves have built. At the end of the engagement programs and processes, PVBV will establish whether the engagement program has had the desired result. This is where PVBV distinguishes between successful and unsuccessful engagements.

In the event of (a reactive or proactive) engagement, we distinguish between engagement to prevent, mitigate or resolve negative issues in the investment portfolio ('sound basis') and reinforcing the positive contribution to the Sustainable Development Goals (SDGs) that are a focus area ('sustainable world'). In the event of a reactive approach, PGGM will monitor whether there is (a risk of) an incident. As concerns the

sound basis, a screening in accordance with the OECD standards (incorporated in the IMVB covenant) is used in order to discuss with clients which companies they wish to engage with.

(I) Designated reference benchmark

Has an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product? If yes, how that index is aligned with the environmental or social characteristics promoted by the financial product, and where can one find information with regards to input data, methodologies used to select those data, the rebalancing methodologies and index calculations?

No