ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: PGGM Private Equity Fund 2012
Legal entity identifier: 549300XO1VI85MNV2G85

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this 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 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

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

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 that are involved and/or have (revenue) exposure to companies involved in the production of tobacco
- Number of companies that are involved and/or have (revenue) exposure to companies involved in the coal sector
- Number of companies that are involved and/or have (revenue) exposure to companies involved in tar sands (extraction)
- Number of companies involved in the production and distribution of controversial weapons (anti -personnel mines, cluster munitions, ammunition with depleted uranium, nuclear weapons, chemical weapons and biological weapons)
- Number of companies that violate the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Not applicable

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes,

☐ No

PGGM takes principle adverse impacts (PAIs) into account for this financial product, by:

• excluding investments in:

○ <u>controversial weapons</u>: 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) anti-personnel mines, b) cluster bombs and c) munitions with depleted uranium);
○ <u>tobacco production</u>: 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);
○ <u>thermal coal</u>: companies deriving more than 5% of their total revenues from producing (mining) thermal coal or more than and 30% from power generation using thermal coal;
○ <u>tar sands</u>: companies deriving more than 1% of their total revenues from producing oil out of tar sands/oil sands;
○ <u>sanctions</u>: 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.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

• Performing an OECD and UN Global Compact screening.

• Collecting ESG data along with the ESG Data Convergence Project. The data includes GHG emissions and board gender diversity. Where relevant, greenhouse gas emissions and board

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

gender diversity data are used to inform engagement with external mangers. This data is collected to help us better evaluate the ESG performance across our private equity portfolios by improving the quality of ESG data available.

How are these PAI's taken into account?

Exclusions:

The exclusions are realized via exclusion lists that are kept up to date and which are applied by the portfolio managers in the investment processes for new investments and as much as reasonable possible for existing investments

OECD/UNGC screening:

- Pre-investment phase:

To assess the seriousness of the negative impact of companies on people and the environment, PGGM developed a screening method based on RepRisk data regarding the UN Global Compact principles and OECD Guidelines for Institutional Investors.

In all investment proposals, the due diligence is conducted by checking whether an investment significantly violates the UN Global Compact and OECD. New investments that violate the OECD Screening criteria are prohibited. The private equity team can overwrite the violation if presenting credible evidence. Such evidence must be shared with the Responsible Investment team and the Risk Analysis team. Both teams must agree that the evidence presented merits overwriting the OECD screening results. That decision and a summary of the evidence must be reflected in the investment proposal

- Periodic monitoring:

The existing portfolios are screened for investments violating the OECD Screening criteria twice per calendar year (in April and September). In case there is a violation the investment manager will take action, by engaging with the external manager that can follow up with the company. With the engagement we endeavour that the company improves on these violations within a reasonable timeframe.

In case engagement does not result in the desired outcome, the position will be exited.

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. Information on how the financial product has considered the principal adverse impacts on sustainability factors is disclosed in the annual report of the financial product.

no

What investment strategy does this financial product follow?

1. Investment Strategy and continuously alignment

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.

ESG-integration
PGGM defines ESG integration as systematically taking into account those ESG factors that have a material effect on investment risk and return.
We integrate ESG considerations into the investment and portfolio management process. The ESG integration process covers the whole portfolio and is organized around the different investment stages: selection, commitment, and ownership.

The Selection Stage

Primary fund investments

In the selection stage, PGGM Private Equity assesses whether the investment partner will treat ESG risks and opportunities appropriately and in line with PGGM's responsible investment strategies and beliefs.

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 primariy 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).

The Commitment Stage (all investments)

PGGM Private Equity looks for GPs who demonstrate a willingness and commitment to improve on their approach towards ESG on the areas covered in the ESG assessment questionnaire. Language is included in the legal documentation with the GP which ensures that PGGM Private Equity implements the exclusion list and ESG-related actions.

In terms of reporting requirements, 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).

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The minimum ESG requirements are binding elements in our investment strategy and consists of the following elements:

A. Exclusion policy

We apply a Responsible Basis for our investments, by including ESG factors in our investment decisions, The PGGM Beliefs and Foundations for Responsible Investment specify strict minimum standards for our investments. We shift our investments from companies and investments that do not meet our minimum ESG requirements to companies and investments that do.

• Excluding governments bonds of countries on which UN Security Council and/or European Union sanctions have been imposed.

The monitoring of the exclusion list is done pre- and post-trade.

Pre-investement phase Monitoring of the exclusion list is embedded in the investment proposal process and the (operational) due diligence process. The application of the exclusion list is reviewed by the investment committee.

Periodic monitoring

As part of the contract for fund investments we include the exclusion policy. Our external managers need to comply with this exclusion list.

B. OECD screening

- Applying an OECD screening before an investment is made and periodically thereafter.

Pre-investment phase:

In all investment proposals, the due diligence is conducted by checking whether an investment significantly violates the UN Global Compact and OECD. New investments that violate the OECD Screening criteria are prohibited. The private equity team can overwrite the violation if presenting credible evidence. Such evidence must be shared with the Responsible Investment team and the Risk Analysis team. Both teams must agree that the evidence presented merits overwriting the OECD screening results. That decision and a summary of the evidence must be reflected in the investment proposal.

Periodic monitoring:

The existing portfolios are screened for investments violating the OECD Screening criteria twice per calendar year (in April and September). In case there is a violation the investment manager will take action. Within a reasonable timeframe, we try to endeavour with the engagement that the company improves on these violations.

In the case of external managers that manage funds for PGGM and segregated mandates, these requirements are incorporated into the contract for new investments and as much as reasonable possible for existing investments.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

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.

What is the asset allocation planned for this financial product?

The Private Equity Fund makes indirect investments through Fund of Funds, Private Equity Funds (primaries and secondaries) and through co-investments. All are aligned with the E/S characteristics as described earlier.

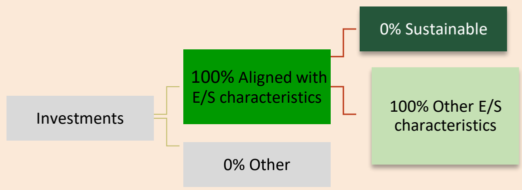
All the investments are aligned with the E/S characteristics as described above as per the exclusion list and the OECD/UN Global Compact screening.
The product does not intend to invest in sustainable investments (i.e. 0% in #1A Sustainable) and focus on #1B Other E/S characteristics.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable for PE.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable

Asset allocation describes the share of investments in specific assets.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0%

What is the minimum share of socially sustainable investments?

0%

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The private equity funds target a cash balance position of zero; for cash management around capital calls there will generally be some cash, but this is negligible,

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

PGGM Compliance website:

NL: https://www.pggm.nl/onze-diensten/compliance/

UK: https://www.pggm.nl/en/our-services/compliance/

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