

Sustainability Related Disclosure

Sustainable Finance Disclosure regulation

PFZW Private Real Estate Fund

(PRE 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 Real Estate Fund	
Classificatie product	Artikel 8 SFDR	
b. Geen duurzame beleggingsdoelstelling	van toepassing (geen duurzame beleggingsdoelstelling volgens SFDR)	
c. Ecologische of sociale kenmerken	De navolgende duurzaamheid indicatoren worden toegepast: <ul style="list-style-type: none"> • Aantal beleggingen/managers dat de UN Global Compact principles en Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises schendt • Blootstelling aan fossiele brandstoffen via vastgoedbeleggingen • Blootstelling aan energie-inefficiënte vastgoedbeleggingen • Energieverbruik in GWh/m2 van vastgoedbeleggingen • Managers in de portfolio welke voor x% van het totaal belegd vermogen zich hebben gecommitteerd aan wetenschappelijke CO₂ reductiedoelstellingen 	
d. Beleggingsstrategie	ESG wordt op twee manieren meegenomen in het beleggingsproces: <ol style="list-style-type: none"> 1. Het screening proces voor nieuwe beleggingen 2. Actief engagement 	
e. Aandeel beleggingen	Alle beleggingen in de PGGM Private Real Estate portefeuille beantwoorden aan de E/S karakteristieken omdat alle beleggingen vooraf een OECD screening ondergaan. Daarnaast moet 40% van de PGGM Private Real Estate beleggingen een wetenschappelijke CO ₂ reductiedoelstelling in lijn met Paris akkoord hebben in 2025.	
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	1. OECD/ UN Global Compact screening 2. Wetenschappelijke CO ₂ reductiedoelstellingen	
h. Databronnen en -verwerking	<i>Uitsluitingen</i>	RepRisk, PGGM exclusion list
	<i>OECD-screening</i>	RepRisk
	<i>CO₂-doelstelling</i>	GRESB
	<i>Geschatte data</i>	van toepassing
i. Methodologische- en databeperkingen	<i>Ontbrekende data</i>	van toepassing
	<i>CO₂-methodologie</i>	van toepassing
j. Due diligence	De ESG toepassing door managers wordt gedurende het beleggingsproces beoordeeld door de PGGM Private Real Estate investment managers en ook door andere PGGM teams, zoals Risk Analysis and Control en het Operational Due Diligence team.	
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 Real Estate 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	We apply the following sustainability indicators: <ul style="list-style-type: none"> • Number of investments/fund managers that violate the UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises • Exposure to fossil fuels through real estate assets • Exposure to energy-inefficient real estate assets • Energy consumption in GWh of owned real estate assets per square meter • Managers in the portfolio accounting for x% of AuM have committed to a science-based carbon reduction target. 	
d. Investment strategy	ESG is incorporated and taken into account in the investment process in two different ways: <ol style="list-style-type: none"> 1. in the screening process to select investments; 2. via active engagement 	
e. Proportion of investments	All investments by the PGGM Private Real Estate portfolio are aligned with E/S characteristics because prior to all investments and ongoing the OECD screening is performed. Besides that, 40% of assets under management in the PGGM Private Real Estate portfolio need to have a science-based carbon reduction target by 2025.	
f. Monitoring of environmental or social characteristics	<i>Exclusions</i>	applicable
	<i>OECD-screening</i>	applicable
	<i>CO₂-target</i>	applicable
g. Methodologies	<ol style="list-style-type: none"> 1. OECD/ UN Global Compact screening 2. Science-based carbon reduction target 	
h. Data sources and processing	<i>Exclusion</i>	RepRisk, PGGM exclusion list
	<i>OECD-screening</i>	RepRisk
	<i>CO₂-target</i>	GRESB
	<i>Estimate data</i>	applicable
i. Limitations to methodologies and data	<i>Missing data</i>	applicable
	<i>CO₂-methodology</i>	applicable
j. Due diligence	During the selection process, the ESG practices of the managers are screened by the PGGM Private Real Estate investment managers as well as by other teams within PGGM such as Risk Analysis and Control and the Operational Due Diligence team.	
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.

This financial product promotes E/S characteristics, but will not make any sustainable investments as defined in the SFDR.

(c) Environmental or social characteristics of the financial product

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

We apply the following sustainability indicators:

- Number of investments/fund managers that violate the UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Exposure to fossil fuels through real estate assets
- Exposure to energy-inefficient real estate assets
- Energy consumption in GWh of owned real estate assets per square meter
- Managers in the portfolio accounting for x% of AuM have committed to a science-based carbon reduction target.

(d) Investment strategy

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

The investment objectives are summarized in the following graphic:



ESG is incorporated and taken into account in the investment process in two different ways:

1. in the screening process to select investments;
2. via active engagement

In order to incorporate ESG into the above processes the fund manager uses the following information:

- Information from the Global Real Estate Sustainability Benchmark (GRESB);
- Screening for controversies in relation to OECD Guidelines for Multinational Enterprises and/or the UN Global Compact principles

The above information gives insights into how well each company has performed on relevant ESG factors, indicates the robustness of management quality, and offers insight into how well companies have performed against competitors on managing known ESG risks.

The goal of PGGM Private Real Estate is:

- to understand companies' plans of action on ESG;
- to identify material environmental, social and governance issues and risks;
- influence companies for a resilient path forward.

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?

This mandate 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 screening that is performed using RepRisk. In addition to that, during the due diligence stage, the private real estate team assesses the governance practices of the individual investment companies including but not limited to; management structures, employee relations, remuneration of staff and tax compliance. In case a company does not follow good governance practices they are not invested in.

(e) Proportion of investments

PGGM Private Real Estate invests in non-listed real estate structures (funds, joint ventures, separate accounts and club deals) across the globe. The invested capital is diversified across a multitude of factors including the following criteria: type of real estate sector, geographical region and type of investment.

- Type of real estate sectors includes among others Retail; Logistics; Residential; Office and Senior Housing.
- Geographical region includes Americas; EMEA; Asia Pacific and within these regions a further diversification across countries and cities.

All investments by the PGGM Private Real Estate portfolio are aligned with E/S characteristics because prior to all investments and ongoing the OECD screening is performed.

Besides that, 40% of assets under management in the PGGM Private Real Estate portfolio need to have a science-based carbon reduction target by 2025.

The portfolio does not have a sustainable investment or taxonomy aligned investments as a target, thus all investments are aligned with #1B other environmental- and social characteristics promoted that do not qualify as sustainable investments.

Although no sustainable investments are currently planned for the product, it could be that in practice investments are made that fulfil the criteria for sustainable investment or taxonomy alignment.

(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?

OECD screening

Private Real Estate investments are systematically screened for controversies related to severe violations of OECD Guidelines for Multinational Enterprises during the due diligence process using an external data provider (RepRisk).

The OECD/UNGC screening is performed as follows:

Pre-investment phase: In all investment proposals, a short summary of the due diligence confirmation on compliance with the UN Global Compact and OECD is included. New investments that violate the OECD Screening criteria are prohibited.

Periodic monitoring: The existing portfolios are screened for investments violating the OECD Screening criteria twice per calendar year (in April and September) by the responsible investment department of PGGM. In case severe controversies would arise in already existing investments, engagement will be performed to mitigate the negative impact.

Fossil fuel exposure

The exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets is taken into account by making use of the SFDR Principle Adverse Impacts methodology. The portfolio is screened in order to assess the exposure on a regular basis. 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.

(g) Methodologies

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

1. OECD/ UN Global Compact screening

Pre-investment phase:

In all investment proposals, a short summary of the due diligence confirmation on compliance with the UN Global Compact and OECD is included. New investments in companies that violate the OECD/ UN Global Compact screening criteria are prohibited.

2. Science-based carbon reduction target

The PGGM Private Real Estate Mandate has in addition the following carbon reduction target:

By 2025, at least 40% of the assets under management in the portfolio have committed to the goals of the Paris Agreement, prepared a plan in line with a Paris Aligned scenario (minimum 2-degree path), and report on it. In order to achieve this target, PGGM exercises its influence via engagement with the managers. In this way, we aim to achieve positive impact by convincing a growing number of managers to set meaningful carbon reductions targets and we expect that, in the longer term, the climate strategies of our managers will also translate the measured emissions of our portfolio to steadily decrease as they decarbonize.

(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

The mandate 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
- PGGM exclusion list: this list serves as a basis for the exclusion of countries, specific sectors and/or individual companies as a result of PGGM's policies.
- CO2:
GRESB: GHG emission and intensity data

SDI Asset Owners Platform

PGGM, APG and two large foreign asset management companies have founded the Sustainable Development Investments Asset Owner Platform (SDI-AOP). As part of the SDI-AOP, a methodology has been developed to determine in an automated way if a company within the investment universe substantially contributes to the UN Sustainable Development Goals (SDGs).

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

For the exclusion list we use several data providers and -sources, like Sustainalytics*) and Truecost:

(i) **Product Involvement**

- *Coal*: Estimate: approx. 50% of the revenue from coal
- *Tar Sand*: Estimate: no data available (we expect <50%)
- *Arctic Drilling*: Reported: approx. 24%, Estimated: approx. 76%
- *Tobacco Production*: Reported: approx. 55%, Estimated: approx. 45%

(ii) **Controversial Weapons Radar**

The use of estimations in the CWR data is minimal - less than 1% of total data points. The only data point (out of dozens of others) which uses estimations is the Defense revenue data. This data point does not refer specifically to revenues derived from controversial weapons, but rather the overall proportion of revenues derived from defense related activities and has no impact on the company's evidence of activity or category of involvement.

(iii) **Country Screening**

The country screening focusses on states on which sanctions have been imposed by the UN Security Council and/or the European Union. Sustainalytics consults reputable third-party sources for both treaty and sanctions research.

*) In terms of data sources, Sustainalytics typically uses for research across its products (these differ per product) company reports, media reports, governmental sources and NGO reports, as well as data from third party data sources, a list of which is available at: [Legal Disclaimer \(sustainalytics.com\)](https://www.sustainalytics.com/legal-disclaimer).

Our approach for estimating missing data can be found in the next section "Limitations to methodologies and data".

(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 real estate 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. GRESB, 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 use multiple external data vendors and we make use of ESG data of the parent company if ESG data is not directly available. Reported data figures are based on actual figures without using extrapolation or estimation methodologies.

Limitations to GHG methodologies

For the real estate industry, the main limitation to calculating GHG emissions is the lack of availability of complete and consistent GHG emissions data. Lack of legislation that enables gathering this type of data combined with privacy issues are at the basis of this limitation.

(j) Due diligence

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

During the selection process, the ESG practices of the managers are screened by the PGGM Private Real Estate investment managers as well as by other teams within PGGM such as Risk Analysis and Control and the Operational Due Diligence team. ESG themes covered during the selection process include but are not limited to; GRESB participation and results, responsible investment policies in place, responsible investment policies and projects, approach to climate risks.

If the parties involved cannot find comfort in the ESG practices of the investee company, PGGM Private Real Estate will refrain to invest. In addition to this, as established by the IMVB Covenant, (new) investments of Private Real Estate are systematically screened for controversies related to severe violations of OECD Guidelines for Multinational Enterprises during the due diligence process using an external data provider (RepRisk). This is an addition to the already established contractual obligation for managers to notify eventual related incidents.

(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) and by implementing predefined improvements in the area of ESG (engagement).

i) Dialogue and engagement

During the investment period the team remains in close contact with the investee companies to discuss and encourage progress on relevant ESG themes. The ESG performance of the investee managers is monitored and updated on a regular basis. This provides input for engagement- meaning the periodic review meetings with the managers. These meetings consist of constructive dialogues and are aimed to continuously improve the ESG performance of the investee. These meetings occur generally on an annual basis which is consistent with the yearly update of disclosures. Ad hoc meetings are organized more often in case of severe ESG

controversies arising from the monitoring or in case a manager shows disappointing results on the GRESB survey and the team has demanded a periodic update on improvement plans.

(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?

Not applicable.