

Annex to the PGGM Guidelines Responsible Investment in External Management

January 2021 (v2021.10)

1. Applicability

The Guidelines Responsible investment in External Management are applicable to the following products of PGGM Vermogensbeheer B.V.:

- the PGGM Developed Markets Equity PF Fund;
- the PGGM Developed Markets Alternative Equity II Fund;
- the PGGM Emerging Markets Debt Local Currency Fund;
- the PGGM High Yield Fund; and
- the PGGM Emerging Markets Equity PF 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 Developed Markets Equity PF Fund;
 - the PGGM Developed Markets Alternative Equity II Fund;
 - the PGGM Emerging Markets Debt Local Currency Fund;
 - the PGGM High Yield Fund; and
 - the PGGM Emerging Markets Equity PF Fund.

- B) Disclosures with respect to article 8 SFDR:

PGGM Developed Markets Equity PF 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

PGGM integrates relevant environmental, social and governance factors in its investment activities for the Fund. PGGM uses the PGGM Selection and Monitoring Framework (SMF) to assess the quality of potential managers and for ongoing monitoring of current managers, which are responsible for the portfolios of the Fund.

PGGM's investment policy consists of following the FTSE Developed Blended (022 & 045) PGGM Customized for NE CO₂ optimized PGGM Tax Index, not hedged into euros. CO₂ reduction refers to the divestment of the most CO₂ intensive companies within the most CO₂ intensive sectors (Utilities, Energy and Materials). PGGM has declared the Exclusions and Exclusion Lists Implementation Guideline, as restrictions with regard to responsible

investment, applicable to the Fund. The reference benchmark has been adjusted as a result of the application of the aforementioned exclusion list.

How the Environmental and Social Characteristics Are Met

The "FTSE Developed Blended (022 & 045) PGGM Customized for NE CO₂ optimized PGGM Tax Index, not hedged to euro" has been designated as a reference benchmark. CO₂ reduction refers to the divestment of the most CO₂ intensive companies within the most CO₂ intensive sectors (Utilities, Energy and Materials).

PGGM selects, appoints or removes and monitors Asset Managers for this Fund. As a minimum, the external manager has to be able to implement the responsible investment requirements as specified in the mandate. The extent to which responsible investment plays a role in scoring the manager depends on the importance the clients on whose behalf the selection is performed place on responsible investment. If a manager scores poorly on "Planet" this can further contribute to an overall negative score, meaning the manager will not be selected. The guidelines, as presented by the UNPRI in March 2018 in the Asset Owner Manager Selection Guide, form the basis for the current scoring structure. It differentiates between firm level and strategy level. In addition, Impact is added, which is a specific PGGM/EM part.

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 a result, PGGM refrains from investing in coal and tar sands undertakings and companies producing controversial weapons or tobacco. 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 endorses internationally recognized and/or accepted basic principles of good corporate governance and proper checks and balances. It refers to the six basic 'Principles of Corporate Governance' by the Organisation for Economic Development and Co-operation (OECD) and the 'Statement on Global Corporate Governance Principles: Revised' by the International Corporate Governance Network (ICGN). Accountability, transparency and shareholder rights are key corporate governance issues to PGGM.

PGGM actively uses its influence as a shareholder 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, PGGM attempts to realise ESG-related improvements. PGGM applies customized voting principles across all its listed equities, written down in our PGGM Voting Guidelines.

On the basis of the Voting Guidelines, PGGM votes against proposed resolutions that do not meet minimum corporate governance standards or environmental and/or social principles. Amongst others, PGGM expects the board of portfolio companies to have a diverse composition, including in any case that the board consists of at least 30% women and at least 30% men. PGGM also has a voting policy with regard to executive remuneration, which includes encouraging portfolio companies to integrate sustainability criteria in the remuneration policy and only awarding variable remuneration if long-term objectives are achieved and long-term sustainable value is created.

Methodology Used for Calculating the Reference Benchmark

The description for calculating the reference benchmark can be found on page 2-3 of the Supplement PGGM Developed Markets Equity PF 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. Where relevant, External Management aims to select managers who take the SASB Materiality Map or equivalents into account when analysing ESG risks and opportunities in the investment process. PGGM determines how ESG factors will be discussed, which assessment criteria apply to them, what reporting requirements and KPIs are laid down and how the ESG performance of the underlying investments are monitored. The ESG score of the relevant asset category is compared with the benchmark. PGGM uses MSCI, Trucost and Sustainalytics data (and are planning to also use the Entis data once available) to compare the external managers to their benchmark and to their peers. Each quarter PGGM provides an update of the responsible investment activities in a quarterly report. This includes information regarding stewardship activities, impact investing and integration of ESG-factors in investment decisions. Also, any relevant negative impacts and the monitoring of these impacts, are reported.

PGGM Developed Markets Alternative Equity II 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

PGGM integrates relevant environmental, social and governance factors in its investment activities for the Fund. PGGM uses the PGGM Selection and Monitoring Framework (SMF) to assess the quality of potential managers and for ongoing monitoring of current managers, which are responsible for the portfolios of the Fund.

PGGM's investment policy consists of achieving an attractive long term risk/return profile by providing exposure to the global developed equity markets based on alternative equity strategies developed by the Asset Managers. The benchmark is "FTSE Emerging Blended (022 & 045) PGGM Customized for NE CO₂ Optimised PGGM Tax Index, unhedged to euro". CO₂ reduction refers to the disinvestment of the most CO₂ intensive companies within the most CO₂ intensive sectors (Utilities, Energy and Materials). PGGM has declared the Exclusions and Exclusion Lists Implementation Guideline, as restrictions with regard to responsible investment, applicable to the Fund. The reference benchmark has been adjusted as a result of the application of the aforementioned exclusion list.

How the Environmental and Social Characteristics Are Met

The "FTSE Emerging Blended (022 & 045) PGGM Customized for NE CO₂ Optimised PGGM Tax Index, unhedged to euro" has been designated as a reference benchmark. This reference benchmark has been adjusted as a result of the application of the ESG exclusion list that PGGM uses. CO₂ reduction refers to the divestment of the most CO₂ intensive companies within the most CO₂ intensive sectors (Utilities, Energy and Materials).

PGGM selects, appoints or removes and monitors Asset Managers for this Fund. As a minimum, the external manager has to be able to implement the responsible investment requirements as specified in the mandate. The extent to which responsible investment plays a role in scoring the manager depends on the importance the clients on whose behalf the selection is performed places on responsible investment. If a manager scores poorly on "Planet" this can further contribute to an overall negative score, meaning the manager will not be selected.

The guidelines, as presented by the UNPRI in March 2018 in the Asset Owner Manager Selection Guide, form the basis for the current scoring structure. It differentiates between firm level and strategy level. In addition, Impact is added, which is a specific PGGM/EM part.

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 a result, PGGM refrains from investing in coal and tar sands undertakings and companies producing controversial weapons or tobacco. 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 endorses internationally recognized and/or accepted basic principles of good corporate governance and proper checks and balances. It refers to the six basic 'Principles of Corporate Governance' by the Organisation for Economic Development and Co-operation (OECD) and the 'Statement on Global Corporate Governance Principles: Revised' by the International Corporate Governance Network (ICGN). Accountability, transparency and shareholder rights are key corporate governance issues to PGGM.

PGGM actively uses its influence as a shareholder 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, PGGM attempts to realise ESG-related improvements. PGGM applies customized voting principles across all its listed equities, written down in our PGGM Voting Guidelines.

On the basis of the Voting Guidelines, PGGM votes against proposed resolutions that do not meet minimum corporate governance standards or environmental and/or social principles. Amongst others, PGGM expects the board of portfolio companies to have a diverse composition, including in any case that the board consists of at least 30% women and at least 30% men. PGGM also has a voting policy with regard to executive remuneration, which includes encouraging portfolio companies to integrate sustainability criteria in the remuneration policy and only awarding variable remuneration if long-term objectives are achieved and long-term sustainable value is created.

Methodology Used for Calculating the Reference Benchmark
The description for calculating the reference benchmark can be found on 2 – 3 of the Supplement PGGM Emerging Markets Equity II 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. Where relevant, External Management aims to select managers who take the SASB Materiality Map or equivalents into account when analysing ESG risks and opportunities in the investment process. PGGM determines in the contract with the external manager how ESG factors will be discussed, which assessment criteria apply to them, what reporting requirements and KPIs are laid down and how the ESG performance of the underlying investments are monitored. The ESG score of the relevant asset category is compared with the benchmark. PGGM uses MSCI, Trucost and Sustainalytics data (and are planning to also use the Entis data once available) to compare the external managers to their benchmark and to their peers. Each quarter PGGM provides an update of the responsible investment activities in a quarterly report. This includes information regarding stewardship activities, impact investing and integration of ESG-factors in investment decisions. Also, any relevant negative impacts and the monitoring of these impacts, are reported.

PGGM Emerging Markets Debt Local Currency 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

Environmental, social and governance factors are actively integrated in PGGM's investment activities where relevant. External Management uses the PGGM Selection and Monitoring Framework (SMF) to assess the quality of potential managers and for ongoing monitoring of current managers, which are responsible for the portfolios of the Fund. 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 selects, appoints or removes and monitors Asset Managers for this Fund. As a minimum, the external manager has to be able to implement the responsible investment requirements as specified in the mandate. The extent to which responsible investment plays a role in scoring the manager depends on the importance the

clients on whose behalf the selection is performed place on responsible investment. If a manager scores poorly on “Planet” this can further contribute to an overall negative score, meaning the manager will not be selected. The category 'Planet' is the basis to determine the extent to which the external manager has integrated responsible investing in its investment process and to which extent it is incorporated in its day to day operations.

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 endorses internationally recognized and/or accepted basic principles of good corporate governance and proper checks and balances. It refers to the six basic 'Principles of Corporate Governance' by the Organisation for Economic Development and Co-operation (OECD) and the 'Statement on Global Corporate Governance Principles: Revised' by the International Corporate Governance Network (ICGN). Accountability, transparency, and shareholder rights are key corporate governance issues to PGGM. PGGM engages with portfolio companies in order to improve good governance standards.

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. Where relevant, External Management aims to select managers who take the SASB Materiality Map or equivalents into account when analyzing ESG risks and opportunities in the investment process. PGGM determines how ESG factors will be discussed, which assessment criteria apply to them, what reporting requirements and KPIs are laid down and how the ESG performance of the underlying investments are monitored. The ESG score of the relevant asset category is compared with the benchmark. PGGM uses MSCI, Trucost and Sustainalytics data (and are planning to also use the Entis data once available) to compare the external managers to their benchmark and to their peers. Each quarter PGGM provides an update of the responsible investment activities in a quarterly report. This includes

information regarding stewardship activities, impact investing and integration of ESG-factors in investment decisions. Also, any relevant negative impacts and the monitoring of these impacts, are reported.

PGGM High Yield Fund

Article 8 Disclosure Regulation

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Environmental and Social Characteristics

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How the Environmental and Social Characteristics Are Met

PGGM selects, appoints or removes and monitors Asset Managers for this Fund. As a minimum, the external manager has to be able to implement the responsible investment requirements as specified in the mandate. The extent to which responsible investment plays a role in scoring the manager depends on the importance the clients on whose behalf the selection is performed place on responsible investment. If a manager scores poorly on “Planet” this can further contribute to an overall negative score, meaning the manager will not be selected. The category 'Planet' is the basis to determine the extent to which the external manager has integrated responsible investing in its investment process and to which extent it is incorporated in its day to day operations.

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>. PGGM's Exclusion List consists of a list of specific product related listed companies as well as Government Bonds from sanctioned countries which PGGM refrains from investing in. 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

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PGGM actively uses its influence as a shareholder 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, PGGM attempts to realise ESG-related improvements. PGGM applies customized voting principles across all its listed equities, written down in our PGGM Voting Guidelines.

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investing and integration of ESG-factors in investment decisions. Also, any relevant negative impacts and the monitoring of these impacts, are reported.

PGGM Emerging Markets Equity PF Fund

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Environmental and Social Characteristics

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PGGM's investment policy consists of following the benchmark "FTSE Emerging Blended (023 & 046) PGGM Customized for NE CO₂ Optimised PGGM Tax Index, unhedged to euro". CO₂ reduction refers to the disinvestment of the most CO₂ intensive companies within the most CO₂ intensive sectors (Utilities, Energy and Materials). PGGM has declared the Exclusions and Exclusion Lists Implementation Guideline, as restrictions with regard to responsible investment, applicable to the Fund. The reference benchmark has been adjusted as a result of the application of the aforementioned exclusion list.

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