



Annual Report of PGGM N.V.

2023



The original annual report was drafted in Dutch. This document is an English translation of the original. In case of any discrepancies between the English and the Dutch text, the latter will prevail. The official Dutch version is available on our website: www.pggm.nl
The auditor's report of the external auditor does not relate to this translation, but only supervises the official Dutch version.

Message from the Executive Committee

The world of pensions is undergoing significant changes. Through Strategy 2030, we are preparing for major transitions: the transition to the new pension system, the move from 2D to 3D investing, and working with MN in the pension implementation chain. Despite the demands placed on our colleagues, they continue to deliver high quality work.

Ready for the new system

On 1 July 2023, the Future Pensions Act came into force, marking the transition to a new Dutch pension system. The new pension system must be fully implemented by 1 January 2028. We are working hard to achieve this transition by 1 January 2026. We are closely monitoring developments and helping our clients to maintain and increase participant confidence in the new system.

Collaboration with MN

We are paying close attention to our continued collaboration with MN. From 1 January 2024, Pensioenfonds Metaal en Techniek (PMT) and Bedrijfspensioenfonds Koopvaardij (Bpf Koopvaardij) are successfully operating on our pension administration system. In July 2024, PMT and Bpf Koopvaardij will officially join PGGM as clients, bringing the total number of participants we serve to 5.6 million. The aim of this expansion is to achieve more cost efficiency and provide higher quality services.

From 2D to 3D investment

For our client, Stichting Pensioenfonds Zorg en Welzijn, we aim to become the best 3D investor. This means that, in addition to return and risk, we take sustainability into account when making investment decisions and help companies move in a more sustainable direction. We also allocate a portion of client portfolios to impact investing.

Commitment to health and well-being

We remain committed to a healthier health and welfare sector. Together with the PFZW, social partners and our subsidiary Vernet, we are developing new products and services to promote the fitness and job satisfaction of employees in the sector. Through Healthcare4Ukraine, we support hospitals in Ukraine with monthly aid shipments.

Our colleagues

Change is not always easy. However, we see that our colleagues are eager to be part of and contribute to the major transitions that are taking place. We value their commitment and are grateful for the quality of service they provide every day.

Executive Committee



Edwin Velzel



Willem Jan Brinkman



Geraldine Leegwater



Jeroen de Munnik



Alexandra Phillippi

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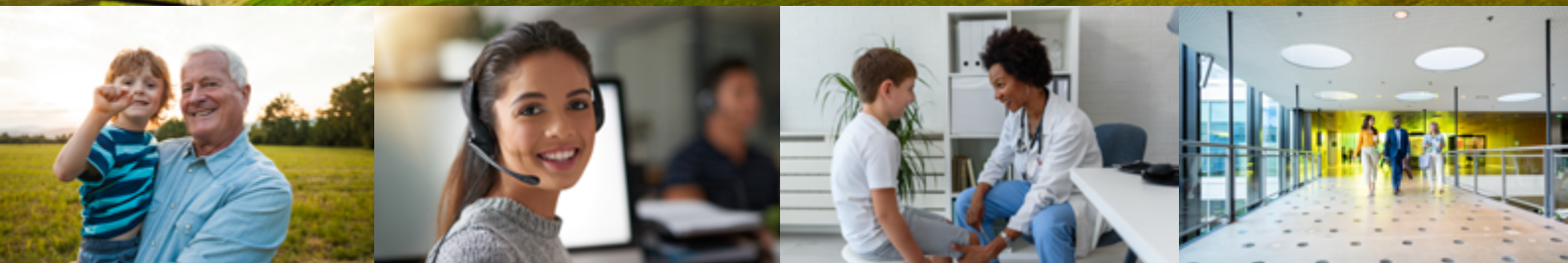
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Directors' report

1.1.1 Who we are and what we do

We are PGGM, a solid value in health and welfare

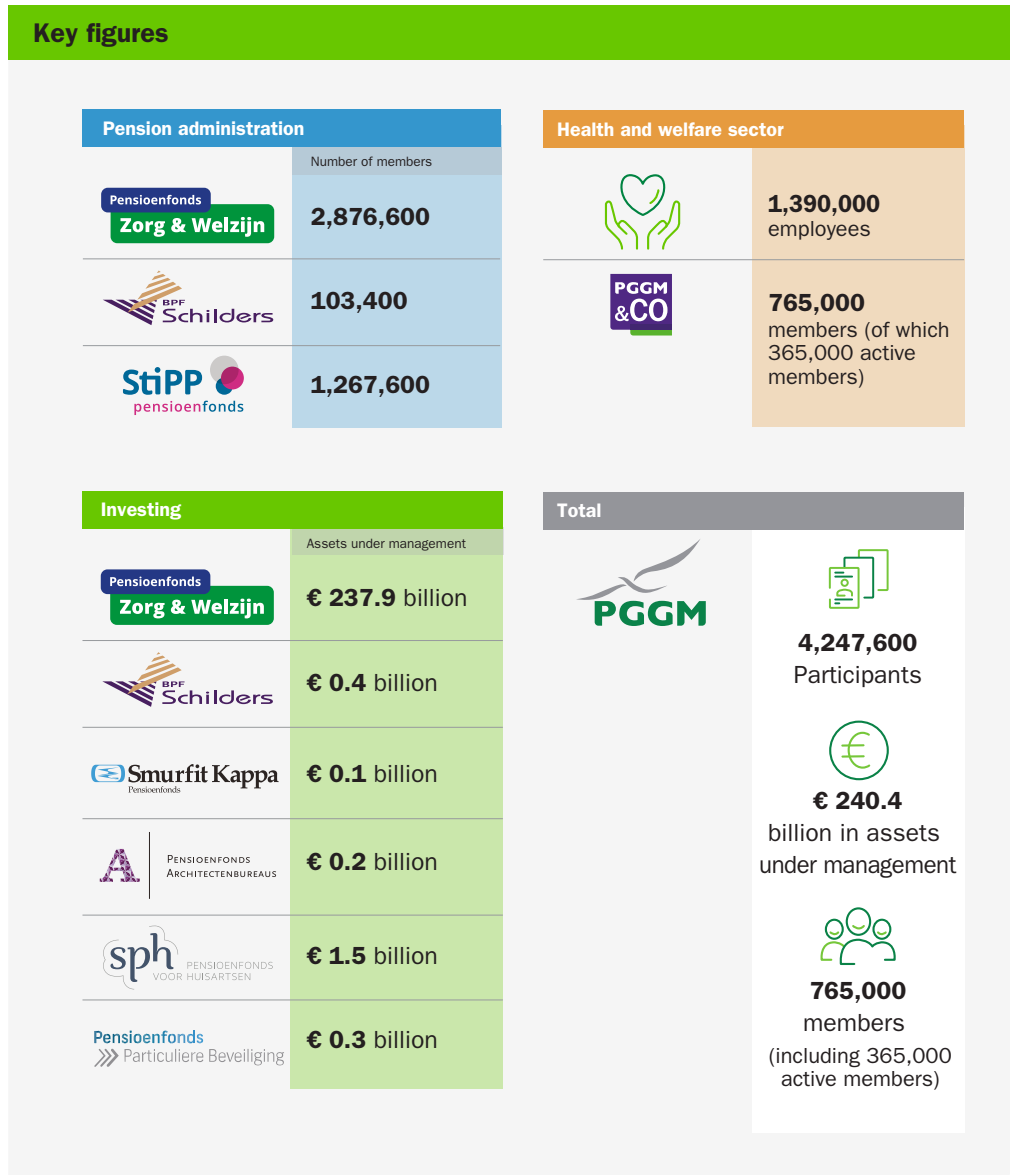
Based on the joint Strategic Vision 2030 of PGGM and PFZW, we are committed to ensuring good pensions for participants in a vital health and welfare sector and to promoting a liveable world, both now and in the future. We pursue these goals through our objectives in the domains of Investing, Health and welfare, and Pensions.

We are committed to ensuring a smooth transition to the new pension system over the coming years. Our clients' participants are at the centre of everything we do.

It is essential that our strategy is well aligned with the needs and aspirations of our key stakeholders, including clients, participants and employers of our clients, social partners, employees and suppliers. We have therefore identified relevant themes, presented them to our stakeholders and asked them how important they consider them to be. We have then incorporated the jointly selected themes into our strategic direction.



1.1.2 Who we deliver value to



For Stichting Pensioenfonds Zorg en Welzijn (PFZW), Stichting Pensioenfonds voor Personeelsdiensten (StiPP) and Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (Bpf Schilders), we administer the pension scheme and ensure clear communication with their employers and participants.

With the transfer of MN's pension administration activities to PGGM in July 2024, and consequently the administration of the pension schemes of Pensioenfonds Metaal en Techniek (PMT) and Bedrijfspensioenfonds Koopvaardij (Bpf Koopvaardij) for more than 1.4 million participants, we aim to achieve economies of scale. This will increase the cost-efficiency of pension administration and ensure a higher quality of service for participants and employers. Read more about our cooperation with MN [here](#).

In 2023, we managed the pension assets of PFZW and invested on behalf of the participants of Bpf Schilders, Stichting Pensioenfonds Smurfit Kappa (Smurfit Kappa), Stichting Pensioenfonds voor Huisartsen, Stichting Pensioenfonds Architectenbureaus and Stichting Bedrijfstakpensioenfonds voor de Particuliere Beveiliging (Bpf Particuliere Beveiliging). For these clients, PGGM invested in equities, bonds, private equity, infrastructure and real estate.

In order to allow for a more flexible investment policy, PFZW decided in 2021 to stop collective investment in public and private markets through funds for joint account and to move to fully discretionary asset management, allowing PFZW to make independent investment decisions. As a result, we have set ourselves the goal of providing our asset management services exclusively to PFZW.

In 2023, Bpf Schilders, Smurfit Kappa, Pensioenfonds Architectenbureaus and Bpf Particuliere Beveiliging withdrew from the various mutual funds in good consultation. We also no longer provide asset management services to these pension funds. From 2024, all new investments we make in the public markets will be exclusively for PFZW. In the coming months, we will engage with clients who have interests in the private market funds. Read more about this strategic objective [here](#).

1.3 What value we create

Our value creation model shows how we use labour, capital and other resources and what economic, social and environmental benefits we create for various stakeholders, including our clients, our clients' participants, our employees and society as a whole.

Input

For our business model to function optimally, we need our people and their expertise. Other elements are also important, such as a sound financial base, future-proof IT systems, professional data management and ergonomic and sustainable office facilities.

Trends, risks and opportunities

We consider the role of our environment in the value creation process by identifying relevant trends, risks and opportunities. A current example is the impact of the new pension system and the changing competitive environment in the pensions sector. This can have a significant impact on the strategy, business model and results of companies in our sector. Other developments, such as changing standards and values around sustainability, can also create risks or opportunities.

Business model

At the centre of the value creation model is our business model. It is consistent with our vision and reflects what we do and what we stand for. We focus on the areas investment, health and welfare and pensions. Within these areas, we aim to continue to provide meaningful services.

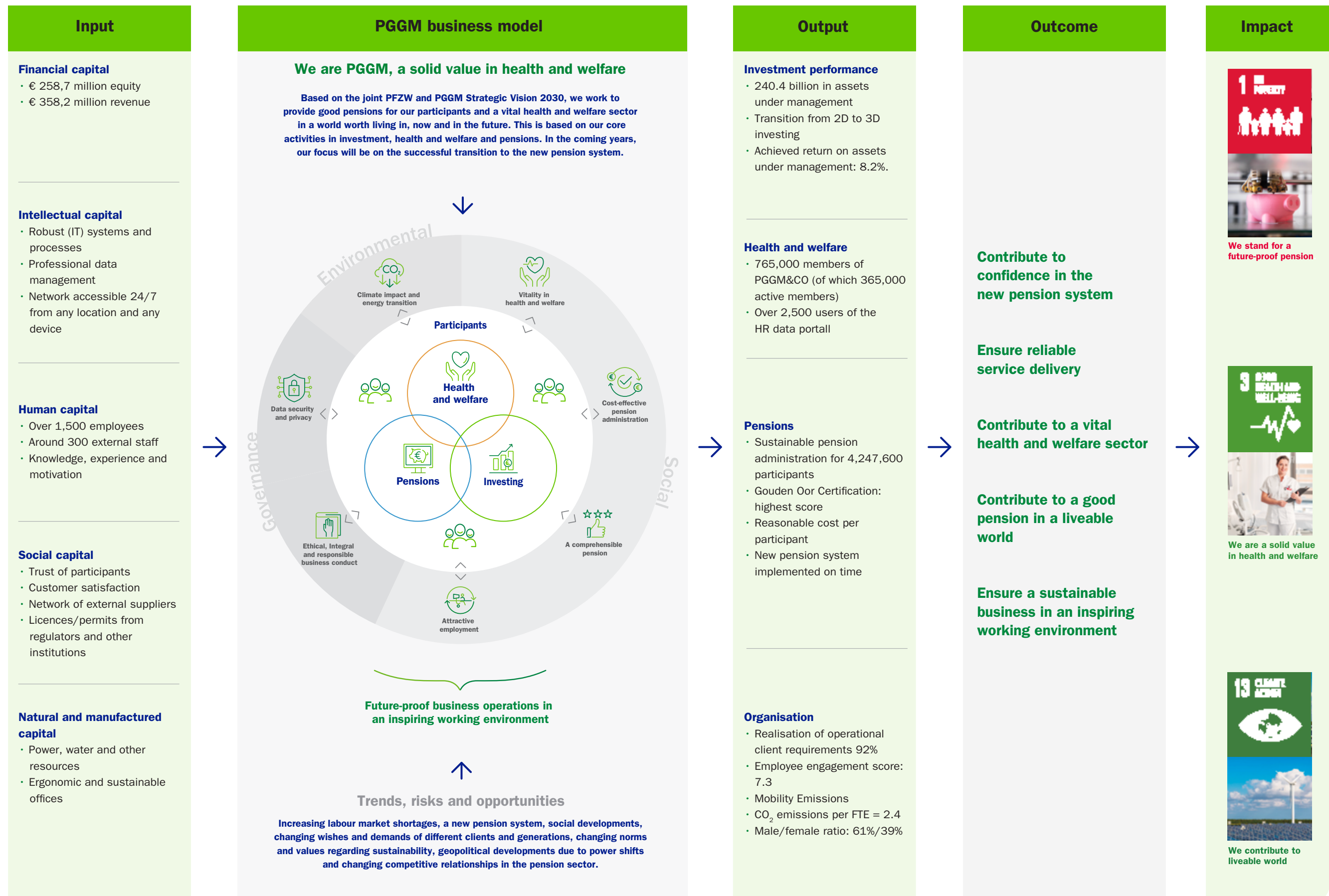
Outcome

Our output creates social value, our outcome. For our clients and their participants by providing cost-effective and reliable pension administration. For the health and welfare sector by investing in the sector and developing new, innovative solutions to reduce the care gap - the difference between the demand for care and the availability of care. For our employees, by creating social value through an enjoyable, safe and inclusive workplace. And last but not least, for our environment by striving to create a world worth living in.

Impact

As one of the largest pension management organisations in the Netherlands, we have an impact on our environment and society. Our sustainability agenda focuses on making a long-term contribution to society through the social value we create. We have linked this agenda to the 17 Sustainable Development Goals (SDGs) of the United Nations, in order to promote sustainable development worldwide. Through our core activities and strategic agenda, we are making a positive impact on SDG 1 (no poverty), SDG 3 (good health and well-being) and SDG 13 (climate action). In addition to these so-called 'focus SDGs', we ensure a responsible foundation for sustainability. In doing so, we aim to reduce our negative impacts and increase the positive impacts of our operations wherever possible.

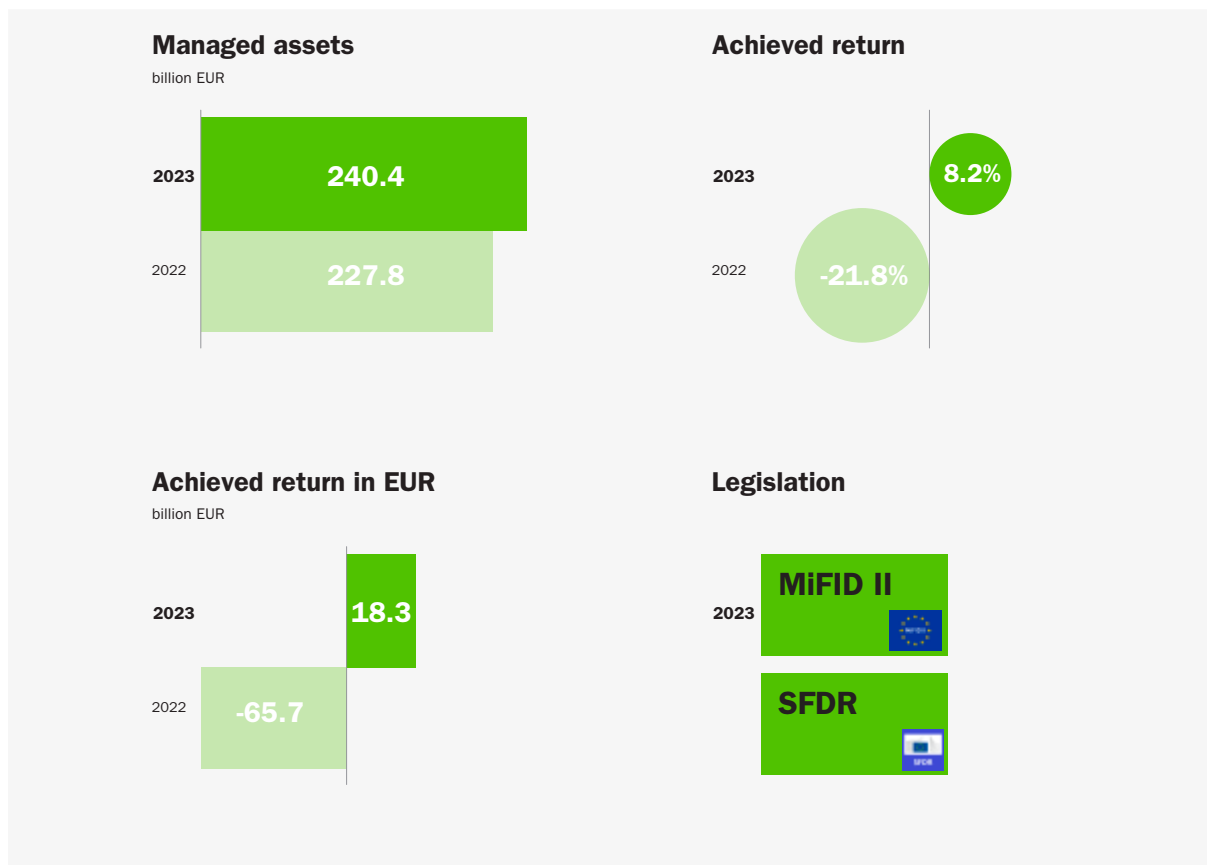
Value Creation Model PGGM N.V. 2023



1.2 What did we achieve in 2023?

1.2.1 Investing

We want to become the best 3D investor for PFZW; using our policy advice and asset management to ensure a good pension and contribute to a liveable world. That is why we invest for the long term, taking into account effects on people and the environment. As an institutional investor, we use our global influence where possible to move sectors in a sustainable direction.



2023 was an intense year with many changes focused on regulation, the implementation of the new pension scheme and the execution of our new strategy. Partially thanks to our employees, we carefully executed the mandate we received to manage our clients' invested assets without any significant incidents.

The assets of the pension funds entrusted to us increased by € 12.6 billion to € 240.4 billion in 2023 compared to 2022 (2022: € 227.8 billion). The return on investment in 2023 was 8.2 percent (2022: -21.8 percent). Portfolio performance in 2023 was € 18.3 billion, mainly driven by rising stock markets (2022: -63.7 billion).

Sustainable portfolio

The world around us is changing rapidly, mainly driven by increased legislation and regulation, technological opportunities and the changing needs of clients, participants, employers and social partners. We want to continue to be able to respond to these changes.

For Asset Management, this means the transition from a 2D to a 3D investment organisation. Alongside risk and return, sustainability is now an integral part of the investment decisions we make on behalf of our clients. This is also in line with our ambition for 2030: to deliver good financial results and create long-term value for people and the environment.

In 2023, we prepared our investment organisation to realise this ambition. First, we formulated a clear and robust definition of 3D investing, so that every investment position in our portfolio can soon be justified in terms of the three dimensions. We developed terms, sustainability standards and criteria for a well-constructed portfolio.

Impact investing

To allocate a portion of the portfolio to impact investing, we defined impact and transition themes and set measurable impact targets. We took into account the preferences of PFZW participants. We also developed two new mandates together with PFZW. The Climate and Energy Transition Solutions mandate helps us to realise impact for PFZW in a better and faster way, related to climate. The Global Credits Sustainable Core mandate allows us to select the best 3D investment opportunities.

Future proofing our investment organisation

The transition to 3D investing affects our investments and investment process, but also our business model and the people we work with. New technology, new data sources and a new way of working will help us make the best possible investment decisions for PFZW.

In 2023, we have improved our IT capabilities, our data platform and our analytics platform. For example, we have started to move all applications to the cloud and have developed a new data architecture that will allow us to make optimal use of data in our investment process. We are adding analytical capabilities to our existing data platform to support an ever-increasing range of models. Traditional algorithmic analysis, machine learning and large language models such as OpenAI's GPT provide opportunities for IT to support this investment strategy. Legislation and regulation, such as the Sustainable Finance Disclosure Regulation (SFDR), is also a key driver in strengthening our data platform.

We have also developed a new leadership program focusing on qualities such as decisiveness, feasibility and innovative power. We have also deepened our understanding of 3D investing and started to work in multidisciplinary teams.

Asset management exclusively for PFZW

One of our goals is to perform our asset management exclusively for PFZW. To this end, we have reached an important milestone in 2023. From 1 January 2024, all our public market investments will be managed exclusively for PFZW. This is also the desired end state for private market investments. We will discuss this with our private market fund clients.

If we only invest for PFZW, we can simplify the investment organisation. For example, our public market funds have been registered with the Financial Markets Authority (AFM), which has led to certain reporting obligations. Simplification in this case means deregistering these mutual funds, which reduces our reporting obligations. This simplification also results in a more cost-effective approach. However, we need to take into account the investments made to achieve 3D investing. The change in our investment approach requires different skills. We are investing while saving; we are eliminating tasks that are no longer needed because of our focus on a single client. We are also digitising and developing new technologies.

Laws and regulations

The Future Pensions Act (Wtp) affects our entire organisation, including our asset management. PFZW has opted for the solidarity contribution system. As a result, in 2023 we started to prepare our asset management organisation for the introduction of the solidarity premium scheme and the necessary system adaptations required for its implementation. All the necessary adjustments have been identified and planned. In addition, we have analysed the impact on other policy frameworks related to asset management, such as rebalancing and liquidity management.

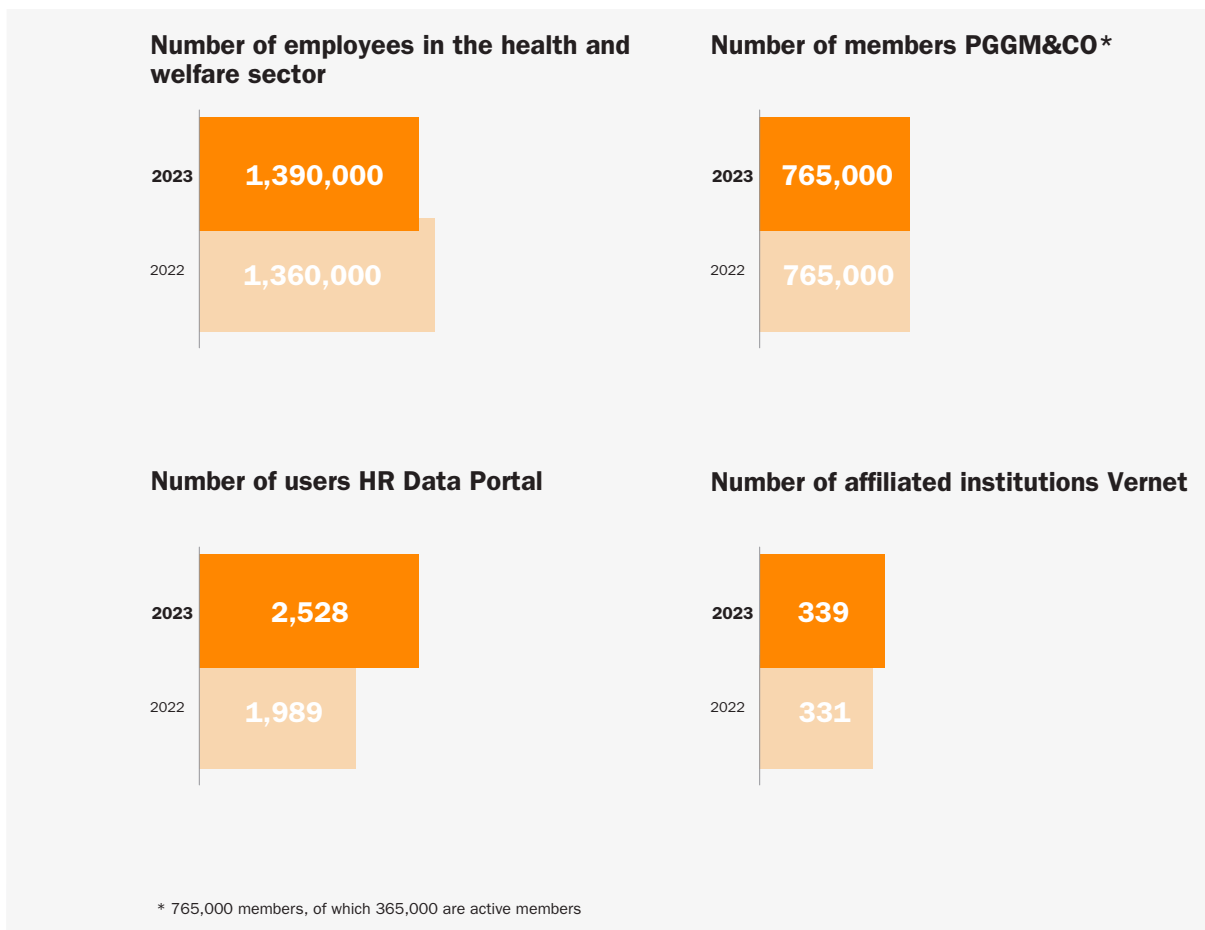
To comply with increasing ESG-related regulatory requirements, we took several measures, including the implementation of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (SFDR). This included making detailed sustainability disclosures transparent by providing prescribed annexes to Asset Management's relevant financial products. Asset Management also created a completely new Principal Adverse Impact Statement, which is an entity-level statement for the previous year on the principal adverse sustainability impacts of investment decisions. We also continued to operate under the AIFMD licence with a MiFID addendum requiring us to comply with MiFID II.

1.2.2 Health and welfare

In the coming years, the demand for care will continue to grow. At the same time, the availability of care will decrease if no action is taken. This will create a growing gap. To reduce this gap and strengthen the health and welfare sector, we are working together with PFZW, social partners and our subsidiary Vernet to develop new products and services that contribute to a vital health and welfare sector.

Vital sector

Together with Stichting IZZ, FWG BV, our subsidiary Vernet and PFZW Data Services, we launched the Prevention Plan for Care and Welfare Employees in 2021. Our aim is to contribute to a reduction of a quarter in absenteeism and unwanted turnover among care and welfare employees in 2027 compared with 2022. Through this approach, employers will know what is going on with their employees and how they can continue to do their jobs with joy and pride. By bringing together unique data, best practice, existing initiatives and the results of interviews with care and support professionals, we provide the necessary insights and tools. In doing so, we aim to promote mutual understanding between employers and employees, reduce absenteeism and unwanted turnover, and contribute to the availability and affordability of quality care.



Working together to increase work capacity

Any employee who is absent is unemployable and this puts pressure on others. It is therefore important to reduce absenteeism in order to reduce workload and shortages in the sector. Vernet provides industry and healthcare organisations in the sector with insights and tools based on collected absence data from healthcare institutions. The aim is to do the same for the welfare sector.

After a period of exceptional situations due to the outbreak of Covid, we saw the absence rate drop to 7.75 percent in 2023. The monthly figures in 2023 were on average around 1.6 percentage points higher than in 2019, before Covid. For the first time, very long absences (more than 365 days) exceeded 2 percent.

To draw attention to absence, we interviewed the best performing organisations in terms of absence and provided webinars on topics such as leadership, happiness at work and 'vital retirement'. By 2023, we had almost doubled the number of registrations for our webinars. We have also invested in upgrading our IT platform, which will enable us to provide dashboards that give clients more detailed insights into different areas.

Vital employees

Through our member organisation PGGM&CO, we made a commitment to promote fitness and job satisfaction in the health and welfare sector in 2023. We believe that fit employees are at the heart of a healthy and affordable sector. Employers have an important role to play. Last year, we introduced the Vitality Monitor in nine organisations, which provides a good insight into fitness at organisational and employee level, and the opportunity to take appropriate action.

Research platform

Our in-house research platform enables us to gather valuable data. This allows us to better understand the sector and provide more targeted support. In 2023, we continued to develop this platform. For example, our survey on monitoring revealed important issues such as staff shortages and 'concerns about the quality of care'. Budget Day highlighted the need for information on the personal financial impact on staff. In line with other surveys and wider signals from the sector, we have also seen that we can help alleviate labour shortages by using the skills of retirees in the sector. This also appears to have a positive effect on the mental fitness of retirees.

Financially, mentally and physically fit

With our Grip op Geld webinar and in collaboration with partners, we focused on the financial fitness of participants in health and welfare. The Budget Day social media campaign was successful, reaching almost 600,000 care and support workers with six different adverts. Then we launched the Fit Top 100 platform in partnership with PFZW to engage and inspire employees. Our commitment to the mental and physical health of employees included sleep tests, webinars on the effects of sleep and masterclasses on healthy selfishness and burnout prevention.

Vital employers

For PFZW Data Services, 2023 was marked by growth in the number of employers using PFZW Data Services, further development and successful cooperations. A total of 1,152 employers now use the Insight and Benchmark module and 104 employers use the Analysis (+) module from the HR Data Portal. In addition, hard work has been performed to further develop a strategic workforce planning tool that is part of the HR Data Portal. This year the HR Data Portal received a customer satisfaction score of 4 out of 5.

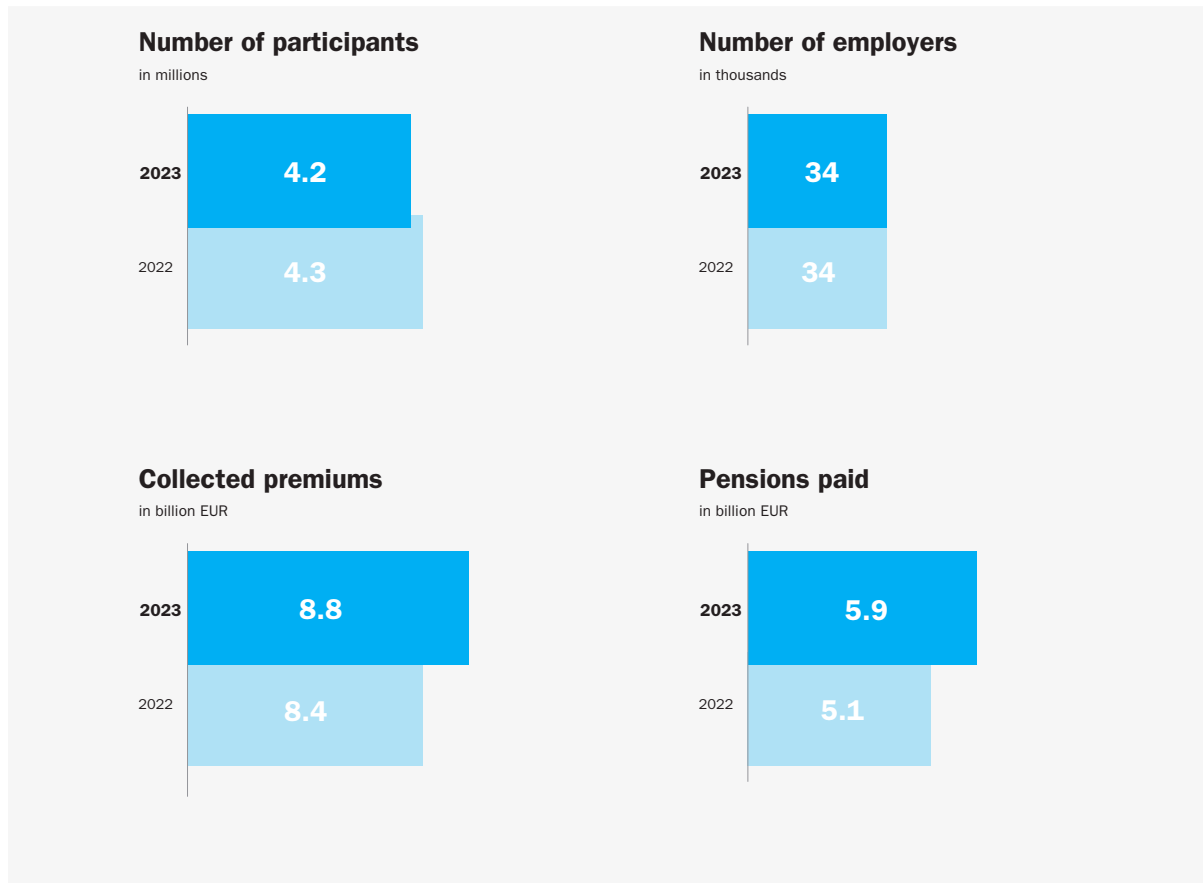
Collaborations

PFZW Data Services entered into a 2023 contract with Stichting Capaciteitsorgaan to provide structural datasets and to create the opportunity for customised requests from regional partners. The two-year partnership with the Ministry of Health, Welfare and Sport was continued in 2023. This partnership enables the Insight and Benchmark modules to be offered free of charge to all employers in the health and welfare sector for a period of two years. In 2023, 25 requests for customisation have been received through the Ministry of Health, Welfare and Sport. The intention has been expressed to continue the contract.

In addition to the customisation requests for the Ministry of Health, Welfare and Sport, 14 customisation requests have been received from the social partners (Capacity Body Foundation, Regioplus and Healthcare and Welfare Labour Market Monitor). To strengthen this development, PFZW Data Services organised a successful Relationship Day for its strategic partners in November. During this meeting, various ambitions and challenges for 2024 were discussed and ideas for further cooperation were generated. These include the use of regional estimates and linking, interpretation and translation of data into practical insights.

1.2.3 Pensions

We have a social responsibility to continue to provide high quality pension administration at a responsible cost level. It is important that this service delivery is consistent with major transitions, such as the transition to the new pension system. We believe that excellent customer service is critical to keep adding long-term value to our clients' participants and employers. Further digitalisation will ultimately enable us to deliver services at scale and in a personalised way.



Transition to a new pension scheme

The Wtp was approved by the Senate in May 2023 and requires us to realise a transition to the new pension system by 1 January 2028. Over the past year, we have guided our clients through their deliberations and decisions on the pension system, financial arrangements, reinstatement and compensation. It has been a huge process, with colleagues from Policy Advisory helping our clients to make the many (political) choices needed to arrive at a good design for a new scheme. By the end of 2023, most clients had made a decision that provided the framework for implementation. Ultimately, we and our clients are aiming for a transition by 1 January 2026.

Building confidence in the pension system and the new pension scheme

As well as adapting all relevant systems and processes over the coming years, we are also involving our clients' participants in the transition to the new pension system. Positive personal experiences with pensions contribute to greater confidence in the system. In recent years, we have worked hard to make it as easy as possible for participants to access their pensions.

In the coming years, we want to maintain and further increase participants' and employers' confidence in the pension system and the new pension scheme. We will do this by focusing on the participants' perspective, implementing an appropriate pension system and having our experts actively participate in the social dialogue on pensions.

Excellent and personalised customer service

Improved customer service to members

By making pensions as simple and personal as possible, we aim to give members peace of mind about their pension and the pension choices they make within it. From this overarching theme, we are working on several initiatives, such as data-driven work and increasing digitalisation.

Data-driven work

Data-driven work is the foundation of our customer service, and in 2023 we continued to improve the quality of our data. By capturing characteristics - those that are characteristic of a participant's situation - in data, we can tailor communication to the participant's situation. We develop customer journeys based on service design thinking (matching users' needs and expectations) and regularly test them with participants and employers. We are also increasingly using infographics or animated films to explain complex issues.

Digitalisation

Digitalisation offers many opportunities for personalisation. That is why we are paying a lot of attention to increase the possibilities for participants to manage their pension fund digitally. The creation of operating segments plays an important role in this. Pension processes are designed so that participants and employers can do as much as possible themselves. Personal contact remains possible at all times. By listening to participants, we have made a number of improvements in 2023 that have increased participant satisfaction. In the coming years, we will continue to do this not only with our regular customer services but also by bringing participants closer to the transition to the new pension system through personalization. New proposals to provide participants with the right information during and after the transition to the new system were developed in 2023 and will be implemented in 2024 and 2025.

Improving service to employers

We also improved our customer service to our clients' employers, among other things by increasing self-service and user-friendliness. This resulted in an average satisfaction score of 7.9 for employer customer journeys with PFZW, in line with our target.

Increasing convenience

We have improved the user experience in a number of ways. A new digital process proactively informs employers about pensions at relevant times. The creation of a generic forms component ensures that we can implement new forms more quickly and easily, and it provides more opportunities for self-service.

Cost-effective, future-proof pension administration

To deliver excellent pension administration at a responsible cost level, we are moving towards standardisation of the pension product in the new pension system. Digitalisation, automation, standardisation and self-service will lead to maintaining cost at a low level. In this respect we continue to consider the balance of performance, cost, satisfaction and convenience.

Trends in participation and benefits

In 2023, the number of participants decreased to 4.2 million (2022: 4.3 million). The decrease is mainly due to the large transfer of small pension rights of former members to other pension funds. The number of contributing members and the number of retired members increased in 2023 by 4 percent and 5 percent respectively compared to 2022. This explains the increase in contributions collected and pensions paid. The increase in pensions paid is also due to the pension funds' decision to increase gross pensions through indexation.

Economies of scale

In addition to standardising the pension product, economies of scale in pension administration can increase the (cost) efficiency of pension administration and ensure a higher quality of service to members and employers.

Cooperation and acquisition of MN's pension administration activities

After more than three years of intensive preparation, our MAP pension administration system went live at MN on 2 January 2024. Pensions for members of PMT and Bpf Koopvaardij will be successfully paid via MAP from 21 January 2024. On 1 July 2024, all pension administration activities will be transferred from MN to PGGM. At that time, PGGM will have a renewed pension company responsible for the pension administration chains of our existing clients PFZW, Bpf Schilders and StiPP, together with PMT and Bpf Koopvaardij. In addition, we will welcome MN employees who will take care of pension administration and IT development for PMT and Bpf Koopvaardij. The pension administration will take place at two locations, in Zeist and The Hague.

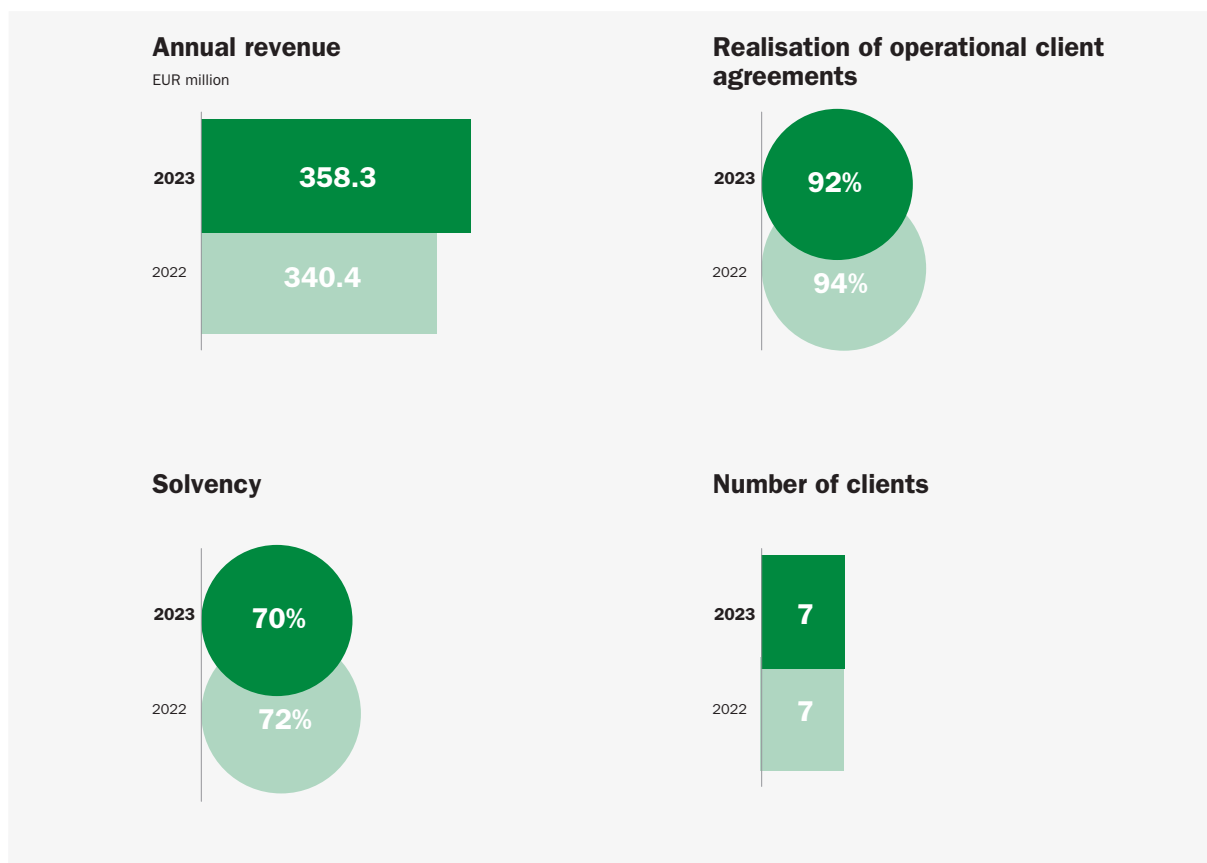
Further development of our pension administration

With the transfer of MN's pension portfolios to our own MAP administration, we will manage the pensions of 5.6 million members in 2024. This strengthens our ability to continue to invest in MAP. With more than 200 DevOps engineers, we are therefore working with full conviction on our pension administration system. With the pension transition on the horizon, our MAP application is a strategic and valuable asset. Among other things, it enables us to provide a high-quality service to our funds and their participants.

In addition to the investment in MAP, we are making good progress with our migration to the Azure cloud. We expect to complete this before the launch of the new pension scheme. This will allow us to further improve the scalability and productivity of MAP and its development. Based on the preliminary customer decisions, we have developed the core functionality for the administration of the new pension scheme. We expect the functional development of our pension administration system to be completed in 2025.

1.2.4 Our business operations

At PGGM, we focus on innovation and data to add value for our clients, employers and participants. We also ensure that our organisation is and remains dynamic and adaptable. In everything we do, we are conscious of our impact on the world of tomorrow. That is why we integrate sustainability into all our actions.



Financial Performance

For the year 2023, we recorded a negative financial result of € 1.0 million, as shown in the table below.

Income statement			
All amounts in million euros	2023	2022	Difference
Total operating income	358.2	340.4	17.8
Total operating expenses	-366.4	-327.3	-39.1
Financial income and expenses	7.5	-0.3	7.8
Result before taxes	-0.7	12.8	-13.5
Taxes	0	-3,5	3.5
Result from participating interest	-0.3	-0.3	0
Result after taxes	-1.0	9.0	-10.0

Explanation of results 2023

In 2023, we have generated an operating income of € 358.2 million through our services to institutional clients (providing pension administration and/or asset management), our data services to the health and welfare sector and the sharing of our pension administration system in collaboration with MN.

On the other hand, our operating expenses amounted to € 366.4 million. These expenses mainly consist of personnel expenses, outsourced work/external hiring expenses and other expenses (mainly automation and housing costs). Financial income amounted to € 7.5 million, representing interest earned on cash at banks and money market funds.

After taking into account a negative result of € 0.3 million from our participation in Design Authority B.V., the negative result after tax amounts to € 1.0 million.

Comparison of financial results 2023 vs. 2022

The financial result for 2023 decreased by € 10.0 million to -€ (1.0) million (2022: € 9.0 million), mainly due to increased operating expenses.

Operating income in 2023 increased by € 17.8 million to € 358.2 million (2022: € 340.4 million) due to new pricing agreements with our clients. Financial income and expenses increased by € 7.8 million to € 7.5 million in 2023 (2022: -€ 0.3 million) due to positive interest income from money market funds in which we invest. In contrast to almost whole 2022, interest rates were positive in 2023.

Total operating expenses increased by € 39.1 million to € 366.4 million in 2023 (2022: € 327.3 million), due to the increased capacity of both internal and external staff required to achieve our strategic objectives. The increase in operating expenses is mainly due to the transition of our IT systems and processes to the new pension system, investments in the ongoing collaboration with MN for the transition of pension administration activities, the modernisation of the data platform (including migration to the cloud) and the transition to a 3D investment organisation. The positive results achieved in recent years have provided sufficient headroom for these investments. In addition, operating expenses have increased due to regular developments such as inflation and structural salary increases as a result of the collective labour agreement.

Allocation of the result

The negative result will be offset against equity. As a result, equity will be € 258.7 million at year end 2023 (2022: € 259.8 million), in line with the equity target, set by our equity policy. Our solvency ratio is 70.0 percent at 31 December 2023 (2022: 72.0 percent), indicating a healthy financial position. Solvency is calculated as the ratio of equity to total assets. The slight decrease in solvency is due to a slight decrease in equity and an increase in total assets.

Cash and money market funds

We have funds invested with both banks and money market funds. The value of these funds as at 31 December 2023 is € 248.7 million (2022: € 245.2 million). The increase in funds is mainly due to an improvement in the operating cash flow. Of these funds, € 113.7 million is invested in two money market funds, which are detailed under marketable securities in the Annual Report.

By investing our funds in money market funds, we exchange the counterparty risk of a single bank for a diversified product. We maintain sufficient liquidity to meet our obligations. In 2023, our liquidity position was adequate and there was no need for additional financing.

Ready for change

The world of pensions will continue to evolve over the coming years, affecting not only the pension scheme itself, but also the way we communicate with members about their pensions. We are investing in our ability to change and adapt quickly. Many of our teams - from infrastructure and developers to customer and product teams - are working in an agile way. We started implementing the Scaled Agile Framework (SAFe) in 2022 and are gradually extending this approach to more teams. This allows our teams to work coordinated on multiple complex products in an continuously changing environment, enabling us to adapt more quickly to rapidly changing client requirements and new technology developments.

Improving our IT

To keep pace with global developments, the speed and scale of IT changes which we can achieve as a business must increase. Strengthening our technology is one of the foundations for ensuring the quality of our service in the coming years. This requires reducing the complexity of our IT landscape, managing our IT capacity effectively and flexibly, creating a structure and technology that allows IT teams to work as autonomously as possible, and investing significantly in the knowledge and skills of our people.

Moving to the cloud

For some time now, we have a hybrid infrastructure for our business applications, a part hosted in the Microsoft Azure cloud and for a major part on-premises. In 2023, we invested in developing our cloud foundation and cloud-native designs and ran pilots to migrate our applications and tools. On this solid foundation, we expect to move the majority of our IT landscape to the cloud in 2024 and aim to be fully cloud-based by 2025. This challenging transition affects all IT departments and allowing us to reduce complexity. At the same time, security measures will be more consistently defined and implemented.

Housing

At PGGM, we want to provide a pleasant workplace that is conducive to hybrid working, attractive to our current and future employees and contributes to our net-zero ambition and the energy transition. In addition, the site must be suitable for both PGGM employees and those from MN who are in transition. All this must be achieved at a cost that we can justify to our stakeholders.

Our current building in Zeist provides a good working environment and is BREEAM certified for sustainability. However, as we look to the future, we anticipate that the current building will not fully meet our needs. As a result, an extensive study of various housing options has been launched. Based on the results of this study, PGGM has expressed its intention to move to a new location with good public transport links within the next few years. In the meantime, we will continue to develop our current building in Zeist to support hybrid working and ensure that it remains a pleasant place to work.

Laws and regulations

In addition to the Wtp (read the full explanation [here](#)), two other regulatory frameworks have a significant impact on our operations: the Corporate Sustainability Reporting Directive (CSRD) and the Digital Operational Resilience Act (DORA).

CSRD (Corporate Sustainability Reporting Directive)

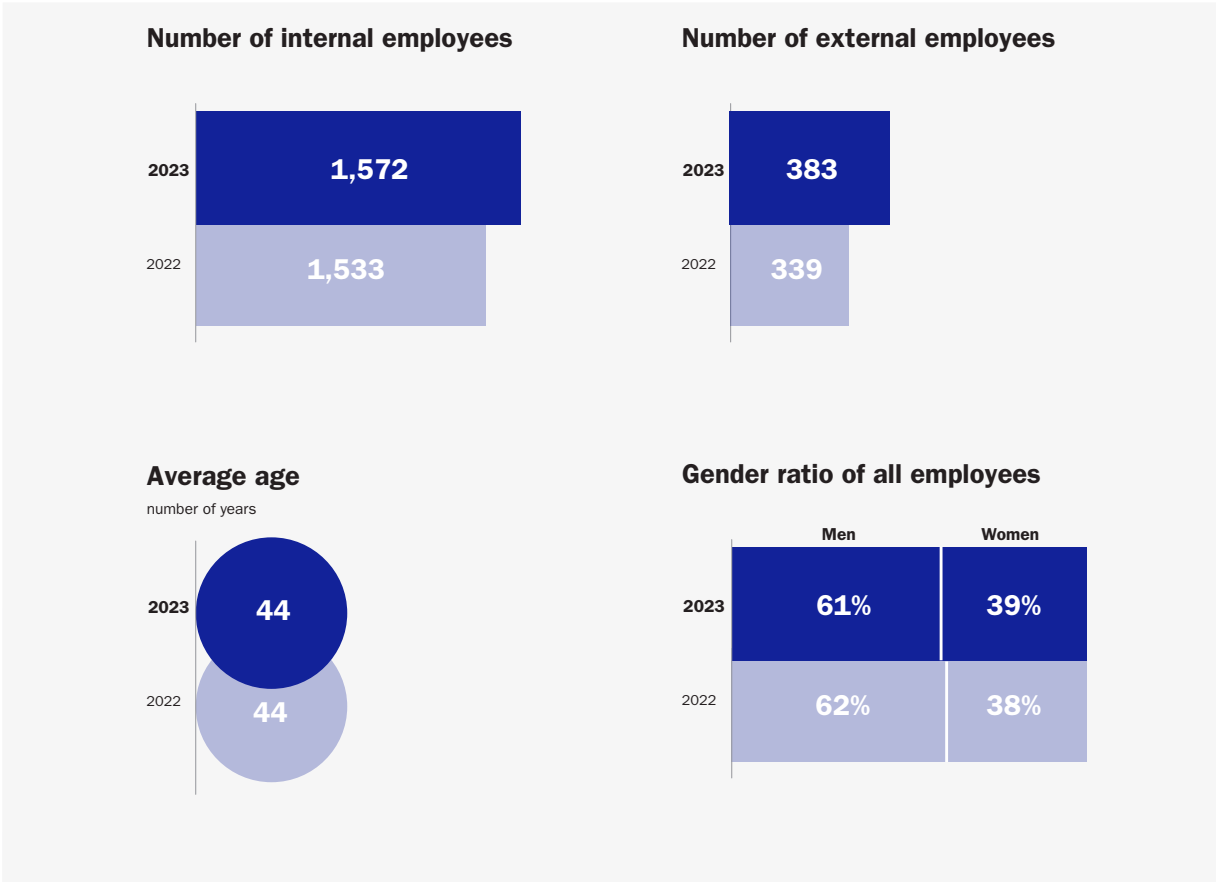
The European Union adopted the CSRD in 2021 to ensure greater transparency and comparability in sustainable business practices. From financial year 2025 onwards, PGGM is obliged to report in accordance with the European Sustainability Reporting Standards (ESRS). This year we have started to report on our environmental, social and governance impacts and the influence of these factors on our business activities, following the ESRS requirements where possible. More details can be found in our [Sustainability Report](#).

Digital Operational Resilience Act (DORA)

DORA came into force on 16 January 2023 and will be fully applicable by 17 January 2025. DORA aims to harmonise provisions relating to digital operational resilience across the European financial sector, establishing rules for ICT risk management, incident reporting, operational resilience testing and monitoring of ICT risks with third parties. The aim is to raise awareness of ICT risks and to recognise that ICT incidents and a lack of operational resilience can threaten the stability of financial institutions and the financial sector as a whole. At PGGM, we initiated a DORA project in 2023 to ensure compliance with DORA requirements for our ICT activities by 2025.

1.2.5 Our people

Our people are our greatest asset. At PGGM, we believe it is our duty to ensure that our employees enjoy their work, develop their skills and feel involved and valued. From a social perspective and in order to talent, we strive to create an inspiring, innovative and inclusive working environment.



Diversity and inclusion

At PGGM we are open to different ideas and contributions. Society is diverse and we want to reflect that diversity within our organisation. Only in this way we can better understand the needs and aspirations of our clients and their participants. We believe that diverse teams perform better. That is why we have continued to focus on Diversity, Equality and Inclusion (DEI) in 2023. At the same time, we recognise that our journey is not yet completed. We want to have more women in leadership positions and welcome people from different cultural backgrounds to broaden our talent pool.

Various quantitative and qualitative DEI studies have shown that DEI is not yet sufficiently reflected in our organisation and business goals. We want and need to involve all employees more. In 2023, we started this process with co-creation sessions, ambassadors and a new governance structure. The Diversity Board has been integrated into a PGGM-wide DEI community, with Edwin Velzel (CEO) as the main sponsor. The DEI Core Team, consisting of six members from different organisational units, organised several events in 2023 around key themes such as Women's Day, Pride Month and Diversity Day.

Promoting inclusivity

By highlighting these issues within our company, we emphasise that everyone is welcome at PGGM and that everyone contributes to a pleasant working environment. To promote inclusivity, English will become the primary language in Asset Management in 2024, with other units deciding independently if and when they will follow suit.

Attracting talent

New talent contributes to the diversity, innovation and growth of our organisation. A diverse and inclusive working environment also promotes a healthy culture and strengthens our reputation as an attractive employer. In 2023, we welcomed 200 new employees. Our internal headcount increased from 1,533 to 1,572, mainly to future-proof our IT platform. We are committed to make everyone feel at home and offer adapted workplaces through our Make It Possible (MIP) programme for employees who are far from the labour market. By replacing external contractors with our own employees, we aim to retain top talent and achieve cost savings.

The referral programme is an initiative of Talent Acquisition. Our employees act as ambassadors and candidates, contributing to employee pride and promoting a positive corporate culture. In 2023, we also focused on an onboarding programme, which is crucial for the successful integration of new employees. This programme, which includes a monthly onboarding day and a 100-day programme, helps to retain talent by making new employees feel valued and well guided. We launched the recruitment campaign 'Of je even' in the spring, using mass media (radio and newspaper advertisements) to achieve broad visibility and increase awareness as an attractive employer. We were also present on various online channels. We repeated the online campaign in autumn 2023.

Retaining our people

In addition to attracting new talent, retaining our current employees is equally important to ensure continuity and preserve knowledge. The wellbeing of our employees is a constant focus for us. In 2023, the theme was Fit 2023. With a diverse programme focused on three pillars - physical, mental and team/organisational fitness - we are investing in vital employees to keep the organisation agile and resilient. We also ensure that our employees can develop through our learning and development portal LEO (Learning and Development), which is aligned with our learning and development vision and the organisation's development needs.

Culture

In 2023, our internal audit team conducted a study on our corporate culture. The results show positive aspects such as the commitment and expertise of our employees and the friendly atmosphere within PGGM. However, we have also identified areas for improvement in order to better achieve our strategic objectives.

Employee participation and representation by the Works Council

The Works Council is the body for employee participation and representation in our company. With ten elected members, it represents our employees in discussions with our senior management on strategic issues, policies and employee interests. We aim for a balanced representation from all areas of the business to ensure that our Works Council reflects our organisation.

Our mission is to involve all employees in organisational development, leading to high quality and widely supported decisions, as required by the Works Councils Act (WSA).

According to the WOR, PGGM must seek the advice or approval of the OR for certain proposed decisions. These include strategic partnerships with third parties, developments in social policy, divestment or expansion of business units and major organisational changes such as reorganisations.

During the year, the OR held biweekly meetings and dealt with 4 approval requests and 8 advice requests. In dealing with these requests, our OR actively involves PGGM employees by asking for their views. All ongoing and completed requests are published on the OR's intranet site, so that our employees are kept informed of the decision-making processes.

Fuse: PGGM and MN

In preparation for the transition of MN - and the pension management activities of PMT and Bpf Koopvaardij - on 1 July 2024, we have jointly launched the Fuse programme. In this programme, we are working together with MN to prepare for the integration of MN employees into PGGM as part of the business transition. In 2023, we organised an induction and orientation. In the first half of 2024, we will continue to implement the transition of employees, the integration of activities and the organisational and facilities aspects.

1.3 How do we manage our organisation?

1.3.1 Corporate governance

PGGM Coöperatie

PGGM Coöperatie U.A. (PGGM Coöperatie) was established in 2007 by the social partners in the health and welfare sector. The members of the cooperative are employees and pensioners in the sector. PGGM Coöperatie is the sole shareholder of PGGM N.V. and has two governing bodies: the Members' Council and the Cooperative Council. PGGM&CO is the members' organisation of PGGM Coöperatie.

Members' Council

The Members' Council is the highest body of the PGGM Coöperatie and consists of 45 representatives of employers, employees and pensioners in the sector and an independent chairman. The Members' Council represents the more than 765,000 members of PGGM Coöperatie, of which 365,000 are active members.

Cooperative Council

The Cooperative Council is responsible for the identity, mission, vision and (financial) policy framework of PGGM Coöperatie and reports to the Members' Council. The Cooperative Board consists of an independent chairman and twelve representatives of the social partners who jointly founded the Cooperative. As the representative of the sole shareholder of PGGM N.V., the Cooperative Council reports on its policies in the annual report of PGGM Coöperatie.

PGGM&CO

The membership organisation PGGM&CO has over 765,000 members, of which 365,000 are active members who work or have worked in the health and welfare sector. PGGM&CO helps everyone working in the sector to stay physically, mentally and financially fit. As a guide, PGGM&CO provides insights and overviews to help them make healthy choices with information, experiences, services, products and benefits. The membership organisation also helps employers, where possible with social partners, to support their employees in this regard, so that employees can continue to work in a balanced and enjoyable way in a vital health and welfare sector.

PGGM N.V.

PGGM N.V. (PGGM) is the operating organisation. All shares in PGGM are held by PGGM Coöperatie. At PGGM, we are committed to our clients, the pension funds, employers and participants of our clients. PGGM is based in the Netherlands and works for Dutch clients. Pension management is our core activity. PGGM actively invests globally, focusing on returns, risk and sustainability.

Executive committee

The Executive Committee (EC) is responsible for the day-to-day management of PGGM. The EC consists of five members, including two Executive Board members: the Chief Executive Officer (CEO) and the Chief Financial & Risk Officer (CFRO).

In addition, the responsible officers from the business units in the areas of pension management (Chief Operations Officer (COO)), asset management (the Chief Investment Management (CIM)) and institutional clients (Chief Institutional Business (CIB)) are members of the EC.

The Executive Board manages PGGM. Both the shareholder and the Supervisory Board can hold the Executive Board accountable. We opted for the EC model, because this combines PGGM's management and business operations in one team. PGGM's key positions are represented in the EC, while being client focused.

Supervisory Board

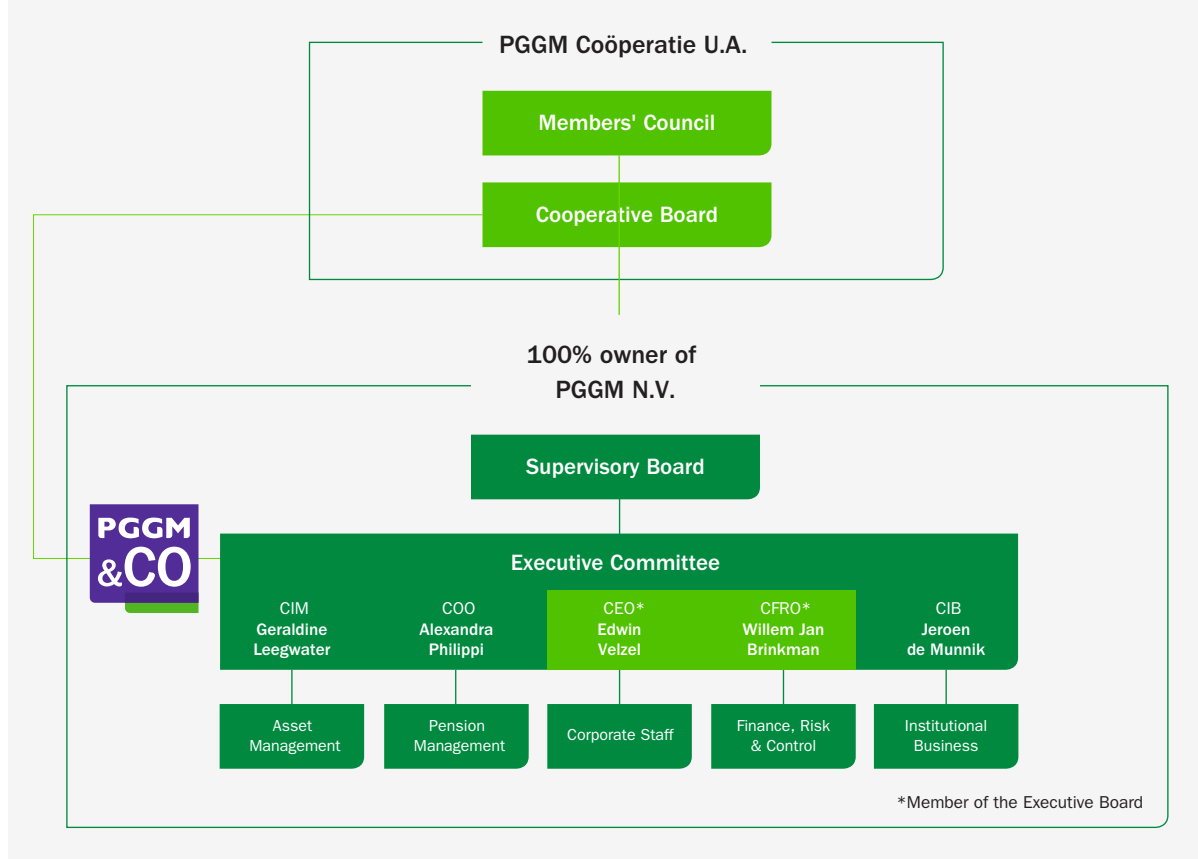
PGGM N.V. has a Supervisory Board consisting of six members, divided into two committees: the Audit, Risk and Compliance Committee (ARC) and the People and Organisation Committee (P&O Committee). The Supervisory Board supervises the work of the Executive Board of PGGM and the general affairs of the company. In addition, the Supervisory Board monitors the competence and responsibilities of the EC. The Supervisory Board pays particular attention to the dynamics and relationship between the Executive Board and the Supervisory Board. In addition to the members of the Executive Board, members of the Supervisory Board or other internal experts are also invited to attend the Board meetings. In addition to meetings with members of the Executive Board, the P&O Committee holds annual meetings with members of the EC and other stakeholders, such as the Cooperative Council. The Chairman of the ARC usually participates in these meetings. Finally, the Supervisory Board is directly involved in the appointment, suspension and dismissal of the members of the Executive Board and, where applicable, EC members.

1.3.2 Organisation and groupstructure

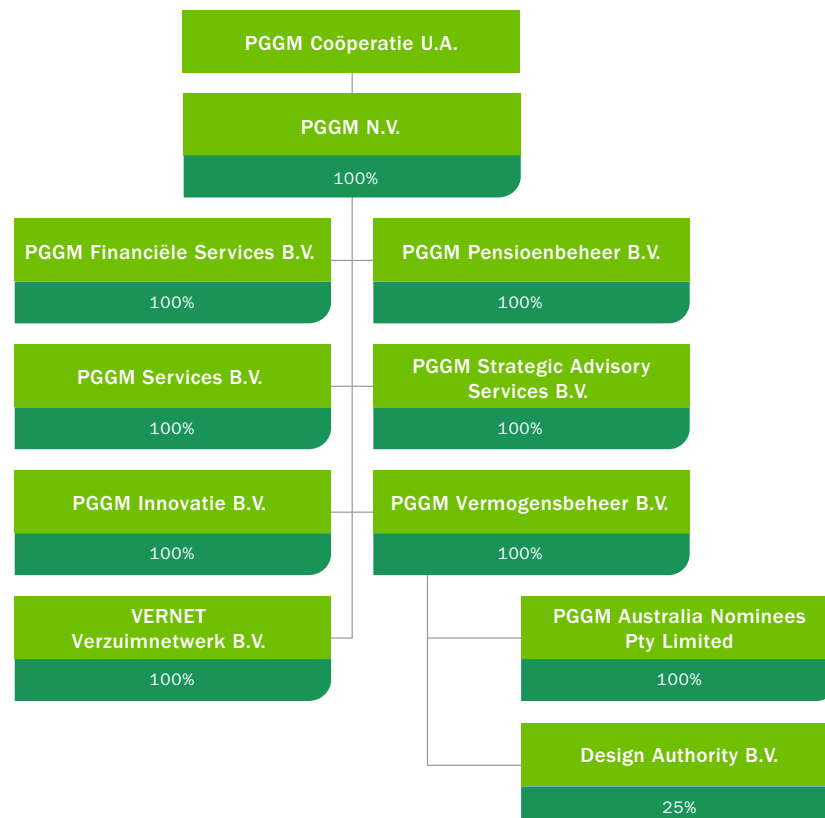
The operational organisation PGGM N.V. is a structured entity and the owner of eight (in)direct subsidiaries and one minority interest as at 31 December 2023. There has been one change compared to 2022: PGGM UFO has merged with PGGM N.V., resulting in the dissolution of PGGM UFO.

Together with the shareholder PGGM Coöperatie, we form the PGGM Group. Several subsidiaries are licensed by the Dutch Authority for the Financial Markets (AFM). In setting up the legal structure, it was decided to combine the various licenses into separate entities.

PGGM organisational structure



Group structure



1.3.3 Risk management

The importance of good risk management

Adequate risk management and transparent, understandable reporting are crucial aspects of our operations. This is valued not only by us but also by our clients, regulators, and increasingly, by society at large.

Good risk management begins with a culture where risks are consciously and deliberately taken. It is important that the value of effective risk management is recognized from the operational level up to the Executive Committee (EC) and the Supervisory Board of PGGM. Risk management should consider not only procedural measures and system-technical measures (hard controls) but also the culture and human factor in managing risks (soft controls).

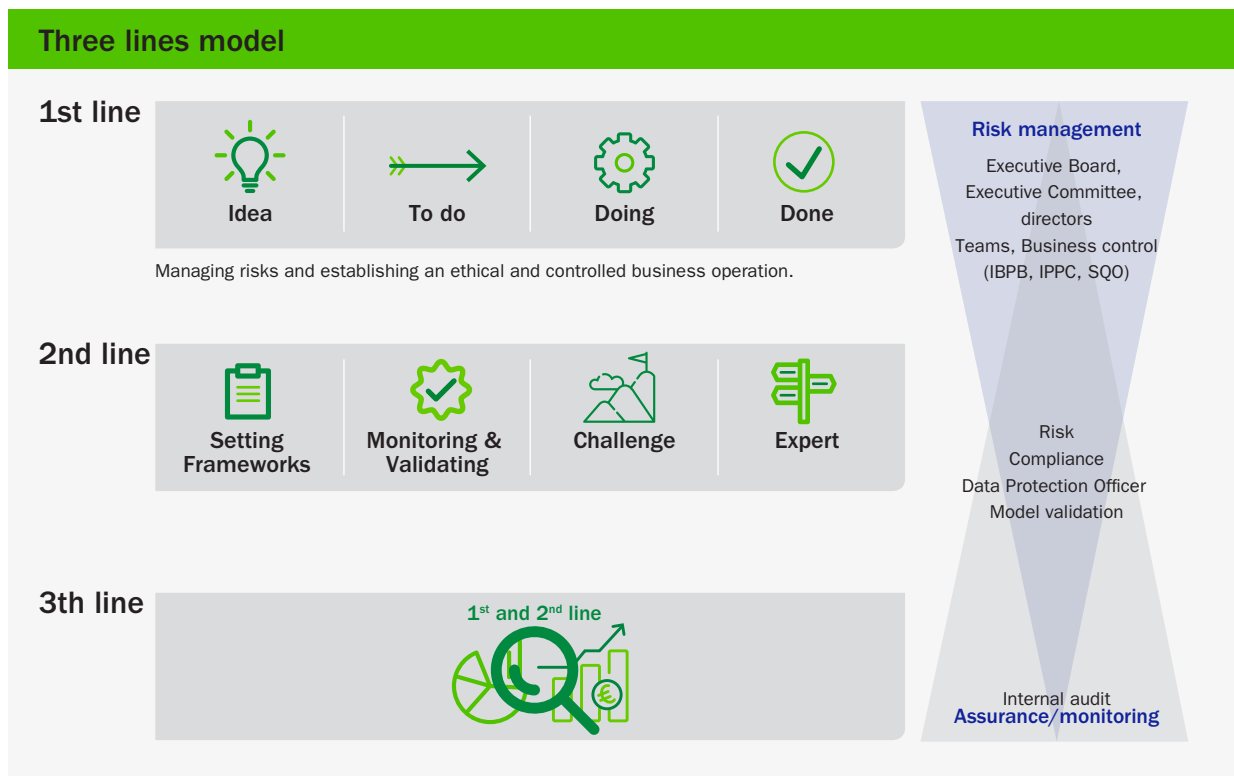
At PGGM, we have a permanent and integrated risk management process in which we discuss risks and measures at various levels.

The PGGM Risk Framework

We have developed the PGGM Risk Framework as a policy and structure to actively manage risks. This is done by making risks visible, taking action on them, monitoring developments, and reporting on them.

This framework is based on the internationally accepted COSO Enterprise Risk Management Framework (COSO ERM). The risk management process is a continuous improvement cycle where we conduct measurements and evaluations daily, quarterly, and annually, making adjustments as needed according to the PDCA cycle: Plan, Do, Check, Act.

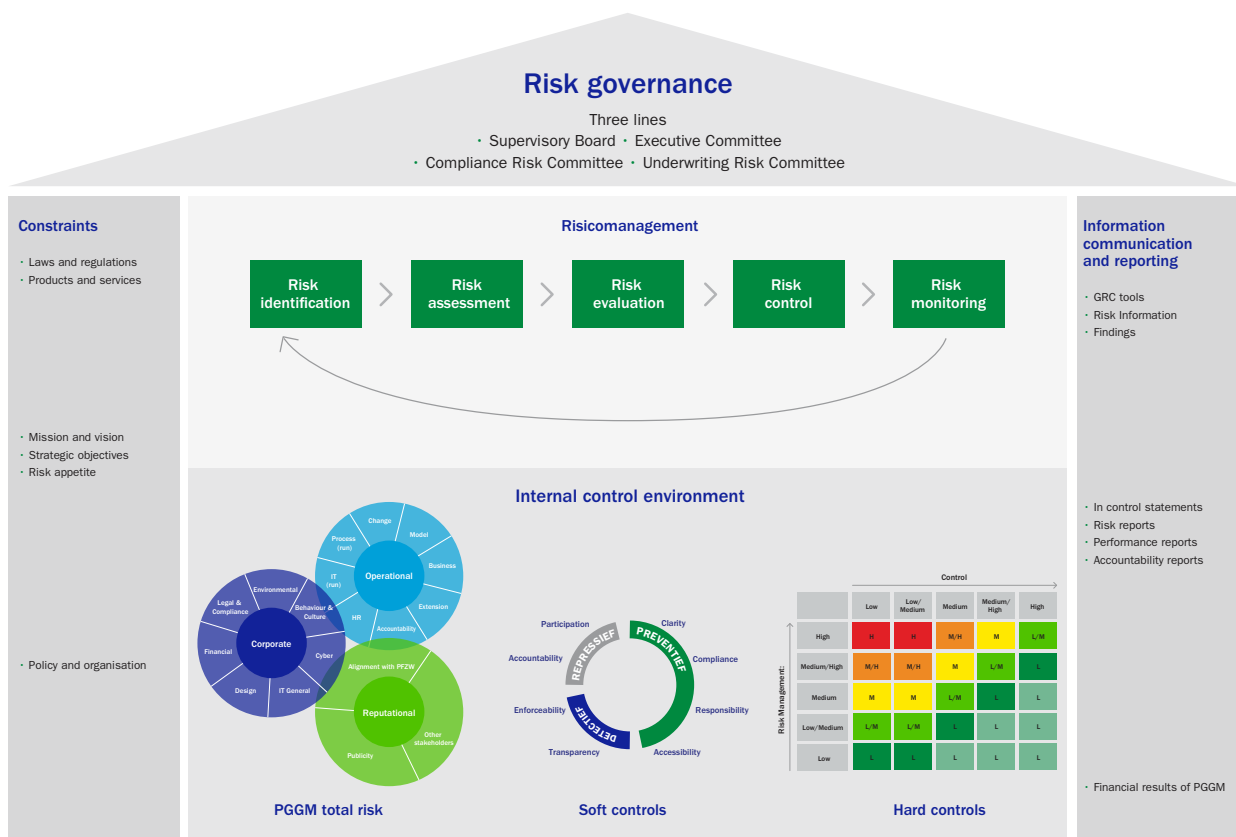
We use the three lines model as schematically depicted below.



Functioning of the PGGM risk framework

The Business Unit Directors and the EC prepare a quarterly In control statement (ICS) based on the quarterly risk report. The business unit reports form the basis for the PGGM-wide risk report.

This integrated report is presented to the EC, the Audit, Risk and Compliance Committee (ARC) and the Supervisory Board for discussion, together with the financial reporting. In addition, clients receive a client risk report which contains a summary of the PGGM risk report supplemented by specific risk themes relevant to the client.



Key features of our control and management system in relation to client accountability

PGGM uses various internal control frameworks that describe, among other things, the general IT controls, IT application controls and business controls that apply to our processes and applications. These frameworks are updated on an annual basis. For IT and cyber security processes, we hold ISO certifications for IT service management, information security, business continuity and quality. Each year, we provide our clients with standard 3402 and 3000A reports on the control of our asset management and pension management processes.

Quantifying risks and required capital

Several measures have been implemented to reduce the financial impact of risks. Firstly, we have liability agreements with our clients. In addition, we are insured against various types of physical damage, liability and the consequences of cyber-attacks. For the uninsured or financial impact of other risks, we maintain our own capital. The specific guidelines are set out in our capital policy.

Click [here](#) for more information about the role of equity in going concern.

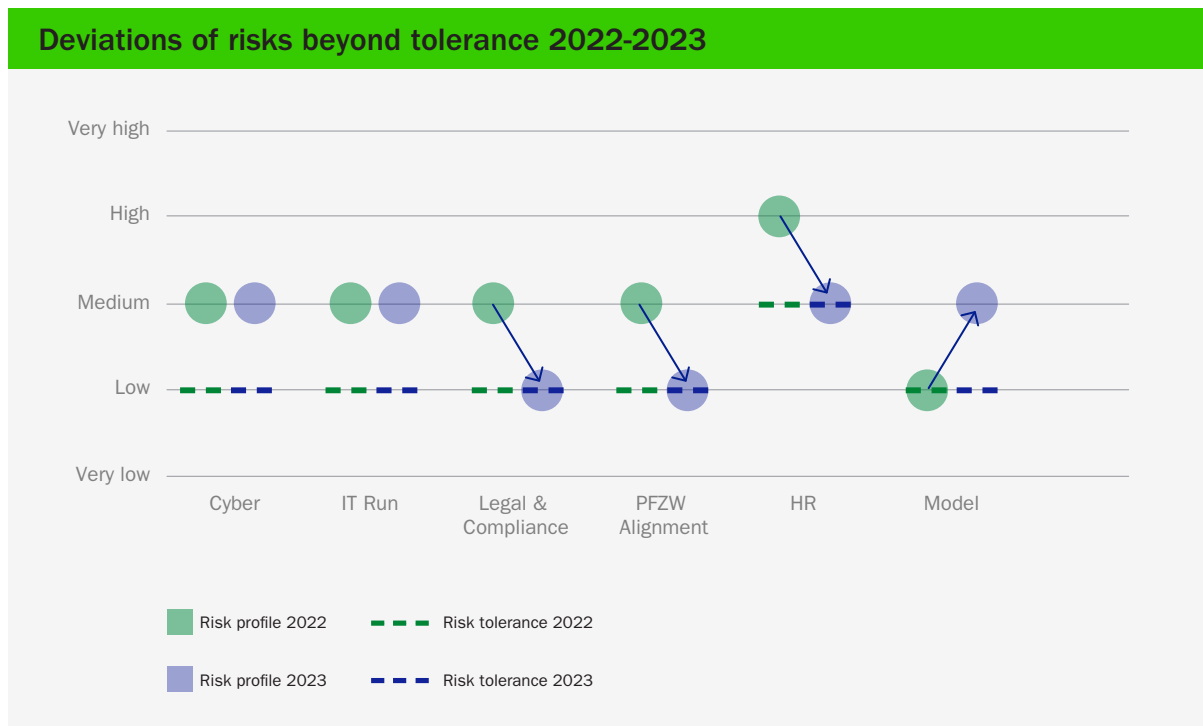
Within PGGM, PGGM Vermogensbeheer BV (PGGM Vermogensbeheer) is required to comply with the ICARAP (formerly ICLAAP) requirements of the Dutch Central Bank (DNB) as part of its asset management license.

In an annual ICARAP process, we assess each risk to determine whether it requires the holding of additional capital beyond the minimum capital buffers required for an asset manager. This process results in the required capital being held as equity within PGGM Vermogensbeheer. For 2023, DNB has concluded that the capital buffer and liquidity position calculated by PGGM Vermogensbeheer are sufficient and in line with our own perspective and capital policy.

Risk appetite and risk profile for 2023

To determine whether and to what extent we are prepared to take certain risks, we use a risk appetite statement (RAS). This risk appetite framework guides risk management and decision making and contributes to an active and aware risk culture. In general, the risk appetite for the risks identified in the PGGM risk framework is 'low'.

For specific risks, a justified deviation in risk appetite is applied. The following chart shows the main developments in the actual risk profile compared to the risk appetite for the year under review. For risks that exceed the risk appetite at the time of assessment, the EC establishes a plan to bring these risks back within the acceptable range within a reasonable period of time - typically one year. Where risks remain outside the appetite for a longer period, the nature of the cause has usually changed, such as in the case of cyber risks (an ongoing arms race).



As a result of the continuous focus on risk management, several risks were brought within the acceptable range during 2023. At the end of 2023, the risk profile remains above the established risk appetite for three types of risk: cyber risk, IT run risk and model risk (model risk: the risk that incorrect or misused model results and reports lead to incorrect operational and/or strategic decisions, resulting in financial losses and reputational damage).

For cyber risk, achieving the desired state is more challenging due to the constant race against the threat landscape. In addition, there is constant pressure on IT execution risk due to complex projects and migration to new working environments. This risk is closely monitored.

Finally, after being within the risk appetite for some time, model risk increased towards the end of 2023. In the third quarter of 2024, there were negative scores in the validation of new models and some issues remained unresolved. This was due to capacity constraints, prioritisation and time pressures in the development of new models, leading to increased model risk at first use.

Concrete actions have been taken to better organise the knowledge needed to develop new models and to refine the process for managing and modifying models. The effectiveness of these measures will be closely monitored.

For other risks, close monitoring has ensured that they remain within the risk appetite. We remain particularly vigilant for several key risks and uncertainties that are within the acceptable range. In addition to the challenging change portfolio, we are closely monitoring the geopolitical situation, both the developments themselves and their impact, for example on cyber risk.

We rate going concern risk for our organisation as 'low'. Our solvency ratio of 70.0 percent as at 31 December 2023 more than satisfies capital requirements. We also have access to a € 150 million credit facility with PFZW for potential liquidity shortfalls, which was not utilised in 2023.

Our services may expose us to potential claims from our clients for attributable errors. We are insured against such errors up to a maximum amount per year, with different limits for our asset management and pension administration services. In addition, it has been contractually agreed with all clients that the amount payable in the event of an attributable error is limited to the payment we receive from the insurer.

In the 12 months period following the signing of this Annual Report, we do not anticipate any new significant risks that would materially change the outlook on going concern. Further information on how we manage our financial affairs (including the coverage of credit risk, interest rate risk, liquidity risk and market risk) can be found in our Financial Statements (see Note 23: Risk Management).

Key risks and uncertainties in 2023

In addition to the described evolution of risks related to our risk appetite, we highlight the key risks and uncertainties that materially impact our risk profile in 2023.

Strategy and scaling

In 2023, significant steps were taken in defining and implementing the joint strategy for PFZW and PGGM. In addition, significant progress was made in building services for the pension administrator MN. This resulted in the successful go-live of MN's pension administration on PGGM's MAP system in 2024. The collaboration will be further intensified in 2024 with the planned integration of MN's pension administration organisation into PGGM's organisation. The risks involved are challenging but manageable.

Human capital

Human capital is critical to our operations. In 2023, risks related to our workforce remain unchanged. A key ongoing element is the tight labour market and our ability to position ourselves as an attractive employer. While we continue to attract employees, recruiting for certain specialist roles remains challenging.

The wellbeing of our employees remains an ongoing focus. In 2023, the annual theme was Fit 2023. Through a diverse programme focused on three pillars - physical, mental and team and organisational fitness - we are investing in our vital people to keep the organisation agile and resilient. The new employee campaign was launched this year with a renewed focus on attracting talent. The results of the 2023 employee survey show that employee wellbeing has improved across PGGM. However, sickness absence in the fourth quarter exceeded our 3 percent benchmark.

New pension scheme

In 2021, we launched a programme to prepare our organisation for the new pension scheme, which will run until 2023. As part of this programme, we have been working closely with our clients guiding them through the transition and decision-making process regarding the new pension system, ensuring that developments are well coordinated. By 2023, our largest client, PFZW, had reached an agreement with its social partners on the conditions under which the new pension scheme will be implemented. The planned transition will take place in 2026.

Throughout 2023, we gradually expanded the programme to prepare for the transition of MN's clients, while carefully considering the interests of our current clients. To date, the risks associated with this expansion have been manageable. We are closely monitoring political developments that could affect the introduction of the new pension legislation (Wtp).

Services (process and IT)

The complexity of the pension schemes we manage increases the likelihood of errors. To manage this risk, we focus on strengthening our systems and reducing complexity. Our current process and IT landscape is well prepared for the implementation of the new pension system. Although our ability to change will be significantly challenged in the coming years, the risks are manageable and within our risk appetite. Legislative decisions and different decisions by our customers regarding the existing and new pension schemes may pose risks in the coming years, especially if they increase complexity.

Data management

Our operations rely heavily on data, highlighting the importance of good data quality and governance. With the implementation of the new pension system on the horizon, a separate risk category has been identified for 'data quality' in 2023. Across the business, significant attention has been paid to improving data management, both for our own processes and for our clients. The data cleansing process in preparation for the migration to the new pension system is progressing as planned.

Cyber threat

Information and (cyber) security threats continue to increase globally. Ensuring the effectiveness of measures for ourselves and our stakeholders remains a top priority. In 2023, we implemented several additional measures to structurally strengthen security. Important steps were also taken to further improve and test our emergency response and recovery capabilities. In the coming years, we will continue to strive to keep our measures at the required level against ever-increasing threats.

Fraud risk

Fraud risk (the risk of deception or theft resulting in financial and/or reputational damage) is managed through preventive and reactive controls. We have a low risk tolerance for fraud and integrity incidents. Our robust, integrated PGGM risk framework protects us against such risks. In addition, we conduct an annual company-wide Systematic Integrity Risk Assessment (SIRA).

We identify and assess fraud risks, including bribery and corruption. Fraud risk can arise from fraudulent actions by individuals inside or outside the company. In addition to checks and balances, we continuously improve our employees' awareness of fraud risks (soft controls). This includes training (e-learning), ethical statements, the signing of the Insider Trading Policy and a Whistleblower Policy. Within PGGM, it is agreed that all colleagues confirm annually that they have read and understood the Code of Conduct.

Incident Policy

The PGGM Incident Policy is part of the PGGM Risk Framework and is used to manage, monitor and report risks in a transparent and structured manner. Suspected misconduct, such as fraud, must be reported to the Risk and Compliance teams in accordance with the Incident Policy. In cases of fraud, the Corporate Security Officer is involved and PGGM's CFRO is informed. Fraud is considered a serious incident. If necessary, the CFRO will form a Task Force to act independently and unbiased during the investigation. The Task Force is chaired by the CFRO and may include other experts in addition to the Risk and Compliance teams.

In 2023, we will establish a Fraud Desk within the organisation. The aim is to increase employee awareness of fraud, consolidate knowledge and provide a central and explicit point of contact for fraud-related incidents. This initiative was modelled on the experience of other pension administrators. Existing fraud detection and control measures remain in place. No cases of internal fraud were identified within PGGM in 2023. However, there were two cases of external fraud involving participants' pensions. Both situations were dealt with appropriately, with no consequences for our clients' participants. Following these incidents, minor adjustments were made to internal controls.

Expectations for the risk landscape in 2024 and beyond

Geopolitical and national political developments in Europe, the Middle East and the United States will play a significant role in 2024. Elections in 2024 will involve 40 percent of the world's population. Responses and (worst-case) scenarios have been developed for situations that could impact our business and strategy. If necessary, we will strengthen our crisis management.

We will continue to prepare for the introduction of the new pension system in 2024. In consultation with our customers, we have established control frameworks for the transition to the new pension law (Wtp) in 2023. An important part of these control frameworks is the data quality framework. These control frameworks should contribute to a reliable transition to the new pension system. Political developments following the Dutch general election and their impact on the Wtp will be closely monitored and translated into potential impacts on this project.

Our strategy to further streamline pension administration and achieve greater scale will continue to influence our operations, change agenda and risk landscape in 2024. An important step in this direction is the commencement of IT services for MN, in anticipation of the integration of MN's pension administration into our operations in July 2024.

At PGGM Vermogensbeheer, in addition to long-term programmes such as Strategy 2030, projects are planned for 2024 to prepare the unit for new forms of pension contracts. In addition, we must continue to demonstrably comply with all legal and regulatory requirements, and the ongoing rapid developments in cyber risks will also significantly shape the agenda in 2024. We will continue to invest to ensure that the risk landscape remains within the established risk appetite.

1.3.4 Compliance and integrity

Our participants and beneficiaries, clients, business partners and other stakeholders can expect us to promote a culture where acting with integrity is paramount. This includes compliance with applicable laws, regulations and internal standards of conduct. We actively manage integrity and compliance, which is our license to operate, and strive to maintain the high level of maturity we have already achieved.

As one of the largest service organisations for Dutch pension funds, we carry out activities that are subject to (inter)national market supervision. This supervision is exercised at national level by bodies such as the Netherlands Central Bank (DNB), the Netherlands Authority for the Financial Markets (AFM) and the Netherlands Data Protection Authority (AP), and at European level by the European Securities Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA).

An important objective of PGGM is to manage compliance and integrity risks. To this end, we have a Compliance Charter and use a Compliance and Integrity Risk and Monitoring Framework (CIRM).

By compliance and integrity risks, we mean the potential loss of our license to operate, including damage to our integrity, reputation and/or financial solidity as a result of:

- Non-compliance or inadequate compliance with applicable laws and regulations;
- Failure to meet the (legitimate) expectations of stakeholders such as customers, pension beneficiaries and participants, employees, shareholders, regulators and society at large.

This risk is managed by, among other things, co-developing policies, exercising oversight (monitoring, testing and reporting), advising management and employees on compliance aspects of their (operational) activities, and promoting employee awareness of integrity, including compliance, through training and communication.

Behavioural and cultural issues play an important role in risk management. Therefore, in our advisory, policy and monitoring activities, we focus not only on (demonstrable) measures in processes and systems, but also on aspects that influence behaviour.

Activities performed

The PGGM Code of Conduct and related policies (including the PGGM Insider Policy), the PGGM Whistleblower Policy, the PGGM Screening Policy and the PGGM Conflict of Interest Policy are rules and standards we have implemented to maintain and promote an integrity-driven and controlled business. Compliance is responsible for ensuring compliance with these policies. More information can be found on our website. Compliance also coordinates our interactions with regulators.

In addition to the annual requests from DNB and AFM, DNB conducted several thematic and specific investigations in 2023, such as an in-depth investigation into data quality and a risk identification meeting on outsourcing. Compliance completed these investigations without any significant findings. The mitigation process of the DNB investigation on cyber resilience from 2021 was completed last year. No reports were made under the PGGM Whistleblower Policy in 2023.

Privacy and data protection officer

In an increasingly data-driven society, where new developments such as artificial intelligence (AI) present both opportunities and risks, it is important - particularly in light of the requirements of the General Data Protection Regulation (GDPR) - to critically assess how we process personal data.

In this context, we fulfill two roles:

- As an employer and a co-operative, we have responsibilities in relation to the personal data we process.
- As a service provider to our institutional clients (pension funds), we are the data processor of personal data.

The institutional clients are the data controllers of the personal data they hold as pension funds.

Data Protection Officer

Given the large amount of personal data, including special categories of personal data, that we process at PGGM, we consider it essential to have this independent function. This ensures that privacy management is structurally guaranteed and provides a fixed point of contact for the external regulator, the Dutch Data Protection Authority (AP).

Our activities

We treat the processing of personal data with care and have implemented appropriate technical and organisational measures to protect personal data, in accordance with the GDPR. This includes not only strict measures, but also considerable attention to the softer aspects. In line with the importance we attach to the protection of personal data, we emphasise privacy awareness among our employees, enabling them to make the right decisions when necessary.

In 2023, we achieved this by:

- Implementing the Data Protection Officer's monitoring plan. This plan enables us to assess our operations against our GDPR obligations.
- Further developing a data protection control framework to effectively monitor our data protection management within key processes.
- Providing both solicited and unsolicited advice to the organisation based on internal and external developments, such as AI.
- Increase privacy awareness at different levels within our organisation.

Data Breaches

We have a process in place to document and report data breaches in a timely manner, both for ourselves and on behalf of the institutional clients we serve. This ensures that we comply with our legal obligations for handling data breaches, in line with the GDPR. In addition, we implement measures (in response to data breaches and analysis conducted) to reduce the number of data breaches and prevent the recurrence of similar breaches. This includes conducting awareness training and improving the quality of our participant management.

Requests from data subjects

The GDPR grants various rights to data subjects whose personal data is processed. As a data controller, we uphold these rights. We also assist our institutional clients in fulfilling this obligation. Requests received by us and our clients have been responded to in a timely and appropriate manner.

In control statement

As the Executive Board of PGGM, we are responsible for the design and operation of the internal risk management and control systems of PGGM N.V. These systems are based on internationally accepted standards and are designed to optimally manage the risks of failure to achieve the strategic, governance, operational and financial objectives and to provide a reasonable level of assurance that the financial reporting does not contain material inaccuracies. However, they can never provide absolute assurance that these objectives will be achieved.

The reality is that human judgement is subject to error in decision making, and cost-benefit analyses are continually made in accepting risks and implementing control measures.

In order to fulfill our responsibilities, throughout the year we have independently and systematically analysed and assessed the risks associated with the achievement of our objectives and the internal risk management and control systems in place within our organisation. We have used, among others, the COSO ERM framework. Significant strategic, governance, operational and financial risks have been identified for each business unit.

The management of each business has independently analysed, assessed and reported to us on these risks and the internal risk management and control systems in place. We have reviewed these reports, together with the results of internal and external audits. All risk management activities are regularly discussed with the Audit, Risk and Compliance Committee and the Supervisory Board. Where necessary, improvements are made to the risk management and control systems. For a more detailed explanation of our activities in this area, please refer to the section on risk management.

Conclusion

Based on the activities described above, we believe it is reasonable to conclude that the internal risk management and control systems functioned adequately during the year and provide a reasonable level of assurance that the financial reporting does not contain material inaccuracies. We also believe that the preparation of the financial statements on a going concern basis is appropriate in the current circumstances.

Zeist, 24 April 2024

The Executive Board of PGGM N.V.

Edwin Velzel

Willem Jan Brinkman

1.3.5 Remuneration report of the Executive Board

Although PGGM is not a listed company, we endorse the principles and best practice provisions of the Dutch Corporate Governance Code (the Code). We apply these as far as possible at group level to ensure good corporate governance.

Remuneration policy for the Executive Board

The remuneration policy for the Executive Board was reviewed and established in 2021 and has not been changed since. We follow a prudent, controlled and responsible remuneration policy that is consistent with our strategy, risk appetite, objectives and collaborative nature. The remuneration policy prioritises the interests of our clients and, in accordance with the Code, takes into account our sustainable long-term interests, our clients and the regulations governing remuneration. The policy aims to reward directors in a manner commensurate with their motivation, role and efforts, taking into account labour market developments. The remuneration policy is aligned with our culture and strategy in both policy and implementation, resulting in 'responsible remuneration'.

Remuneration instruments

The total remuneration package for the Executive Board consists of a fixed salary, pension and social security contributions. There is no remuneration in the form of shares, options or other instruments. The experience and skills of the individual Board member ultimately determine the appropriate remuneration, within the limits set by the job description and the reference market. Remuneration is adjusted annually by the same percentage and at the same time as the collective labour agreement for employees under the general PGGM salary line. Every four years, the level of income is assessed in relation to the reference market and adjustments are made if necessary.

Internal remuneration ratio

The Works Council is informed annually about the internal remuneration ratio. This is an overview of the average salary per pay grade compared to the average salary of the Executive Board. In line with the Code, we also report the remuneration ratio within the organisation. The ratio of the highest paid director to the median full-time base salary of all employees was 7.2 in 2023. In 2022, the ratio was 7.5. The total remuneration of the members of the Executive Board is as follows:

2023	Periodic remuneration	Deferred remuneration	Total
E. Velzel	560	23	584
W.J. Brinkman	503	23	526
Total	1.063	46	1.109

Amounts * € 1.000

2022	Periodic remuneration	Deferred remuneration	Total
E. Velzel	544	21	565
W.J. Brinkman	491	21	511
Total	1.035	42	1.077

Amounts * € 1.000

Periodic remuneration includes the total of gross salary, social security contributions and holiday pay. Pension costs are classified as 'deferred compensation'. The remuneration of the members of the Executive Board is disclosed in accordance with Section 2:383c of the Dutch Civil Code.

No loans, advances or guarantees have been granted to members of the Executive Board.

1.3.6 Supervisory Board remuneration framework

The remuneration of the Supervisory Board is based on the financial services market in the Netherlands. For the Supervisory Board positions, we aim to attract individuals from this market because of the desired experience and expertise required for the tasks at PGGM. In addition, similar companies use this reference market. The reference market also applies to our employees, with the exception of those working in the asset management chain.

For the remuneration of the Supervisory Board, it is considered appropriate to use the same market level and reference market as for the Executive Board. This means the remuneration of the members of the Supervisory Board is based on the 25th percentile (p25) of the remuneration of the members of the Executive Board.

We have deliberately chosen to pay remuneration only for Supervisory Board membership and not for additional committee fees. This is because committee work is considered an integral part of the Supervisory Board members' duties. The Chairman of the Supervisory Board receives a higher remuneration for Supervisory Board membership.

	2023	2022
Chair Supervisory Board	39.061	38.016
Members Supervisory Board	31.857	31.005

Remuneration instruments

The remuneration of the Supervisory Board is paid in cash.

Annual adjustment of remuneration

Remuneration is adjusted annually in line with the percentage and timing of the collective wage increase agreed in the collective labour agreement for our employees. Our employees are covered by the general PGGM pay scale. Therefore, the remuneration of all members of the Supervisory Board will increase by 2.75 percent on 1 July 2023 and by 6.70 percent on 1 January 2024. In addition, every four years the level of remuneration is reviewed against the reference group and adjusted if necessary.



1.4 ESG: What is our impact and how does it affect us?

Why we value reporting on sustainability

At PGGM, we work every day to provide good, affordable and sustainable pensions while enhancing the vitality of the health and welfare sector. We aim to create value for our clients, their participants, our employees and society at large. From a sustainability perspective, we consider the positive and negative environmental, social and governance (ESG) impacts of our value creation.





As part of our commitment to sustainability, we document our efforts in our sustainability statement.

Our sustainability statement

We work towards a good and affordable pension for participants in a vital health and welfare sector and a liveable world, now and in the future.

Environmental	Social	Governance
<p>At PGGM, we are committed to a good and affordable pension in a liveable world. This means that while we focus on providing good pensions, we do so as sustainably as possible. This is why we are taking concrete action to reduce CO₂ emissions and contribute to the energy transition.</p>	<p>We work every day to ensure that our clients' participants and employers have a good old age, through cost-effective and understandable pension implementation. Together with PFZW and the social partners, we develop services and products that contribute to a vital health and welfare sector. We also aim to provide an attractive workplace for our employees.</p>	<p>As a financial services provider, we consider it essential to maintain the trust of our participants and other stakeholders in our services. Data security and ethical, integral and responsible business conduct are fundamental to this.</p>

Our sustainability themes

 <p>Climate impact and energy transition</p>	 <p>Cost-effective pension administration</p>  <p>A comprehensive pension</p>  <p>Attractive employment</p>  <p>Vitality in health and welfare</p>  <p>Data security and privacy</p>	 <p>Ethical, integral and responsible business conduct</p>
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Our value chain

Our value chain encompasses the implementation of pension schemes for our clients, with the aim of providing good and affordable pensions for their participants. In addition, the products and services we provide to improve the vitality of the health and welfare sector are also part of our value chain. The investment activities we undertake on behalf of our clients are also part of our value chain. Our clients are themselves responsible for reporting annually on the sustainable impact of their investments, in accordance with the Sustainable Financial Disclosure Reporting (SFDR) framework.

Conducting a double materiality analysis

We want to increase our positive impacts and reduce our negative impacts. To determine which sustainability themes are most important to us, we conducted a double materiality analysis (DMA) in 2023.

This analysis helps us to identify not only the ESG factors on which we have the greatest impact (impact materiality), but also the ESG factors that have the greatest impact on our business in terms of risks and opportunities (financial materiality).

Our DMA

Step 1 Desk research

We conducted extensive desk research to understand what is happening in our sector and the public opinion on these topics. We also engaged with our stakeholders and considered their perspectives and expectations in identifying our impacts, risks and opportunities.

Step 2 Identifying our sustainability themes

Based on the desk research, we developed an initial list of sustainability topics that could potentially be material to us in the short, medium and/or long term. This includes both the ESG factors that we can influence and the influence of ESG factors on our business operations.

Step 3 Impact analysis

Next, we identified the impacts, risks and opportunities associated with the material topics of concern to us. We assessed the impacts in terms of scale, scope and irreversibility, and ranked the risks and opportunities in terms of likelihood and magnitude.

Step 4 Prioritising our themes

We refined the validated list of material topics by applying consolidation, ranking and thresholding techniques. This process distilled the extensive list of sustainability topics into our seven material sustainability themes.

Identifying impacts, risks and opportunities for each sustainability topic

For each sustainability topic, we have identified the material impacts, risks and opportunities in our DMA. The table on the next page describes the material impacts we have identified for 2023. Over the coming years, we will continue to integrate these into our strategy and operations in the form of concrete targets, indicators and actions. As the world changes and our stakeholders' expectations evolve, the DMA will be reviewed annually. This ensures that we continue to focus on the material sustainability themes where we can make a real difference and that we remain flexible as an organisation.

Our role in the investment value chain

As explained in our sustainability statement, the investments of our clients for whom we provide asset management services are not part of our value chain. However, we are preparing our asset management organisation for the transition to a 3D investment organisation, where we consider sustainability alongside return and risk in our investment decisions. We are also using our influence to move sectors towards more sustainable practices.

Through our support for policy and business model development (establishing processes, guidelines, governance, measurement systems and data platforms), we have an indirect influence on the sustainable impact of our clients' investments.

Material Impact*

Sustainability theme	Material topic	Material impact on people, environment, and society	Positive or negative impact	Actual or potential impact	Read more about this topic
 Climate impact and energy transition	Climate impact	We have an impact on the climate through the emission of greenhouse gases in our operations.	Negative	Actual	Paragraph 1.4.1
 Cost-effective pension administration	Financial security for pension participants	We have an impact on the financial security of participants by offering good, cost-effective pension administration and by providing clarity about the new pension system.	Positive/negative	Actual	Paragraph 1.4.2
	Cost-effective pension product	We influence the support of the Dutch pension system by offering good, cost-effective pension products.	Positive/negative	Actual	Paragraph 1.4.3
 A comprehensible pension	A comprehensible pension	We impact the financial awareness and financial well-being of participants by providing insight, overview and a perspective for action on their pension journey and financial situation.	Positive	Potential	Paragraph 1.4.4
 Attractive employment	Diversity, equity, and inclusion	We impact the happiness and employability of our employees by fostering an inclusive corporate culture where everyone feels connected.	Positive	Potential	Paragraaf 1.4.4
	Attractive employment	We impact the wellbeing, health, growth and development of our employees by being an attractive employer.	Positive	Actual	Paragraph 1.4.4
	Socially safe working environment	We impact the health, safety and happiness of our employees by providing a safe working environment and a good culture.	Positive	Actual	Paragraph 1.4.4
 Vitality in health and welfare	A vital health and welfare sector	We impact health and welfare workload, turnover and absenteeism by using our data, knowledge and direct investment to close the care gap.	Positive	Actual	Paragraph 1.4.5
 Data security and privacy	Data security and privacy	We impact the privacy of participants, employers in the sector, and our employees by securely handling personal information available to us in our role as a pensioen administration organisation.	Positive/negative	Actual	Paragraph 1.4.6
 Ethical, integral, and responsible business conduct	Governance	We influence public confidence in the Dutch pension system by always acting with care, integrity and transparency.	Positive/negative	Actual	Paragraph 1.4.7

* for the scope of our value chain, see page 41.

Status of this sustainability report

In previous years, we have reported in accordance with the standards of the Global Reporting Initiative (GRI). This year we have extended our sustainability reporting in line with the CSRD legislation. From 2026, for the 2025 financial year, we will be required to comply with this legislation. In line with the CSRD legislation, we have provided key indicators for each material topic, giving an insight into how we are performing in terms of the impacts we want to have and the negative impacts we want to avoid. The figures in this sustainability report have been carefully prepared, followed by an internal plausibility check. For the first time, our external auditor will provide a limited assurance opinion on the figures in the sustainability section of the 2025 Annual Report.

Organisation of our sustainability policy

We aim to fully integrate our sustainability ambition into our organisation. This applies to all our employees, executive- and supervisory board members. We are therefore working on an integrated sustainability policy for our sustainability topics. In addition, we are developing governance and reporting lines that will fall under the responsibility of our Executive Board, with oversight from the Supervisory Board.

In 2023, the Executive Board decided to assign ESG themes, including CSRD, to the Audit and Risk Committee (ARC) and not to create a new committee for this purpose. The implementation of ESG governance will be completed in 2024.

Reading guide

In the following pages, we describe our objectives, the impact we have achieved and how we manage each material sustainability themes. Wherever possible, the key indicators include a target, which is measured against a base year. This base year may vary for each indicator, depending on the ambition we are aiming for.



1.4.1 Climate impact and energy transition

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Climate impact and energy transition'.

Impact

Through our operations, we contribute to greenhouse gas emissions and energy consumption that affect the climate. We aim to reduce this impact.

Risks

We identify the following risks that could lead to reputational damage and/or claims:

- We may not achieve our net-zero CO₂ reduction targets.
- Extreme impacts of climate change could affect our facilities, resulting in financial loss and/or additional costs.
- We may fail to comply with increasingly stringent legislation on energy performance and mandatory investment in our facilities.

Opportunities

We have not identified any significant opportunities in this area.

Everything we do has an impact on the world of tomorrow. This is why, in June 2022, we committed to achieving net-zero operations by 2050. By 2030, we aim to reduce our CO₂ emissions by 55 percent compared to 2019. In doing so, we support the goals of the Paris Agreement.

Why is this sustainability theme important to us?

Our business activities have an impact on the climate and contribute to climate change. Through the Climate impact and energy transition sustainability theme, we track our CO₂ equivalent emissions and energy consumption resulting from our operations. Where possible, we implement efficiency measures to reduce our energy consumption.

Our approach

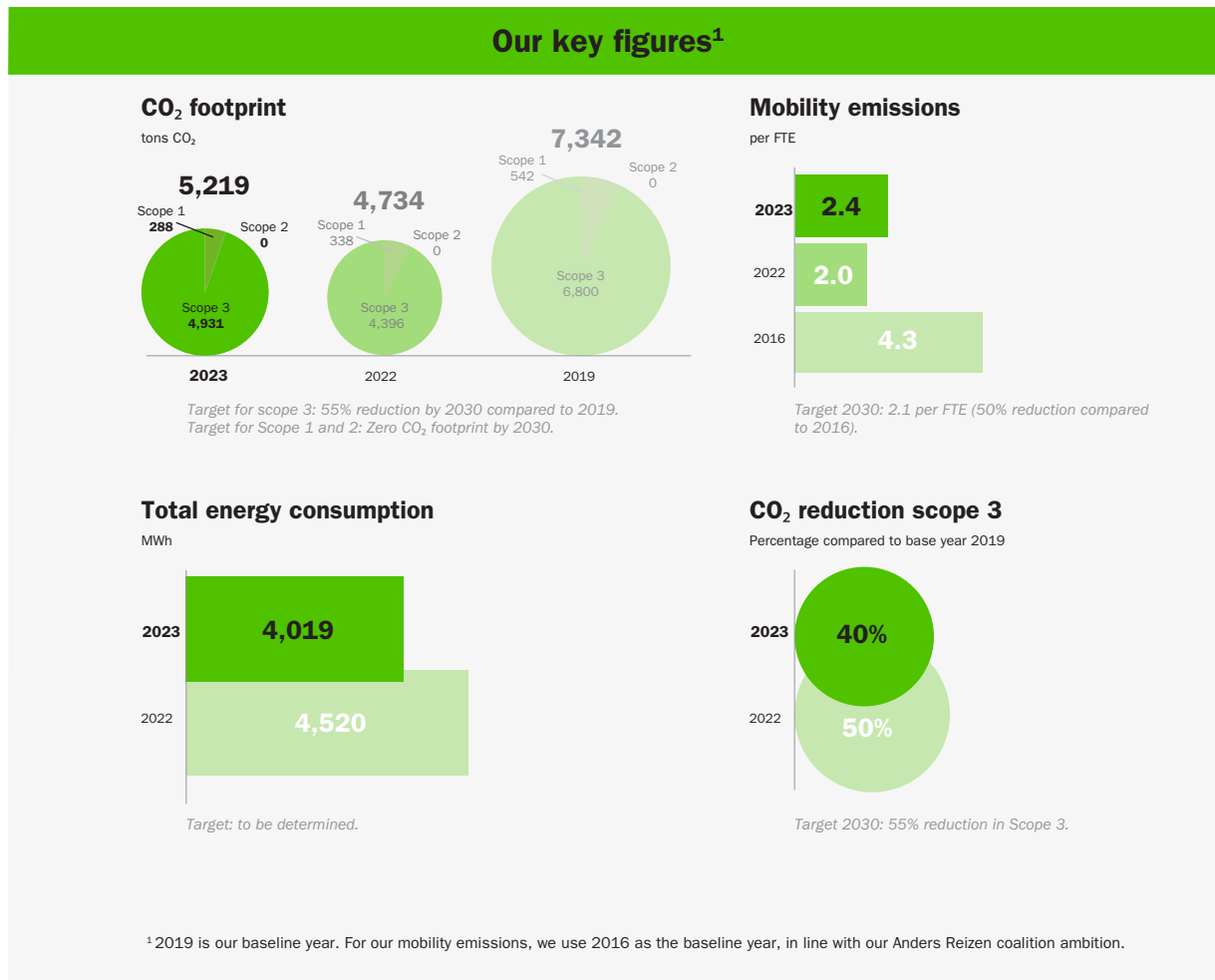
Reducing CO₂ emissions

We have been working for a long time to reduce the CO₂ emissions of our operations. In 2023, we began a more focused approach by developing a transition plan to achieve net zero. This plan includes detailed climate roadmaps. These climate roadmaps describe each area where we generate CO₂ emissions (mobility, buildings, IT, business and others) and the steps we will take to reduce these emissions to net zero. We will complete the Climate Roadmaps in 2024 and then move on to implementation. This will enable us to achieve further reductions beyond what we have already achieved in recent years.

Changing our energy mix

As part of our net-zero ambition, we are working to reduce our natural gas consumption to make our facilities gas-free. We generate some of our own electricity through solar panels and purchase 100 percent renewable European electricity. In 2023, we equipped our office with LED lighting and closed parts of the building to adapt the physical working environment to a hybrid presence. This reduces the amount of electricity and natural gas we use.

What measurements do we use to monitor our impact?



In 2023, our absolute CO₂ footprint amounted to 5,219 tons of CO₂. Compared to 2019, our net-zero base year, this is a decrease of 29 percent. In 2023, CO₂ emissions were measured from more sources than in 2019. Measured for the same sources as in 2019, CO₂ emissions were 4,379 tons of CO₂ in 2023, a reduction of 40 percent compared to 2019. This puts us on track for our interim target for 2030 of a 55 percent reduction compared to 2019 for our scope 3 emissions.

Regarding our CO₂ footprint, we follow the Greenhouse Gas Protocol standard, which divides the footprint into three emission scopes. The table on the next page shows our CO₂ footprint for 2023 across the three emission scopes. Scope 1 consists of our direct emissions, such as natural gas for heating and other climate control systems in our building. Scope 1 emissions have decreased by 49 percent compared to 2019. Scope 2 includes the indirect emissions from purchased energy for our building. Due to the purchase of green electricity, our scope 2 emissions have been net zero since 2013.

The measured scope 3 CO₂ emissions amount to 4,931 tons of CO₂ in 2023. Scope 3 CO₂ emissions include, among other things, emissions from business travel, commuting, and the products and services we purchase. As explained in the previous paragraph, investments are not part of our value chain. We are increasingly able to better approximate scope 3 CO₂ emissions. We know our material sources, and we include those we can measure well. Since 2022, this includes, for example, waste and various components of IT. Sources whose measurements are still too uncertain can be better approximated over time, and we will include them once we have sufficient certainty. The scope 3 emission, measured for the same sources as in 2019, is 4,092 tons of CO₂, achieving our ambition.

Despite a 48 percent reduction compared to 2019, mobility (comprising cars, mileage reimbursement and leasing, air travel and public transport) remains our largest emissions category. In 2023, mobility emissions amount to 2.4 tons of CO₂ per FTE. In addition to our net-zero ambition, we have another target as part of the Anders Reizen coalition. This is a 50 percent reduction compared to 2016, which we have translated into an annual target.

The mobility emissions for 2023 are in line with our target for that year of 3.3 tons of CO₂ per FTE. The reduction in emissions compared to the base year is partly due to the transition to an electric vehicle fleet (87 percent of our leased fleet is electric) and hybrid working. In addition, emissions from air travel have decreased by 30 percent compared to 2019, mainly due to the increased use of online meeting solutions. However, mobility emissions in 2023 are higher than in 2022, partly because the restrictive measures due to Covid (less air travel and fewer employees in the office) were still in place in the first quarter of 2022.

We expect our emissions to increase in the coming years, partly due to the continued addition of new Scope 3 emissions and the transfer of operations from MN. The impact of this on the CO₂ targets will be further developed in 2024.

CO ₂ footprint 2023			
GHG-category	Sources	CO ₂ -emissions (ton) 2023	Change compared to 2019
Scope 1 emissions	288		
	Natural gas	277	-49%
	Refrigerants	11	*
Scope 2 emissions	0		
	Electricity-market-based	0	0%
Scope 3-emissions	4,931		
Purchased goods and services	Drinking water	2	-27%
Purchased goods and services	Paper	473	-22%
Purchased goods and services	IT - hardware, work environment, DC	70	*
Fuel and energy-related emissions	Electricity - market-based charging stations	0	0%
Upstream leased assets	IT hardware	105	*
Upstream leased assets	Lease fleet	381	-57%
Waste and business operations	Waste	664	*
Business travel	Air travel	2,397	-30%
Business travel	Sustainable aviation fuel	-111	31%
Business travel	Business KM - (private car)	26	-31%
Commuting	Commuting (excl. lease)	911	-48%
Commuting	Public transport	13	-93%
Total greenhouse gas emissions	5,219	-29%	-29%

* = these sources were newly added after 2019.

Energy consumption

The table below shows our annual energy consumption in megawatt hours (MWh). Our total energy consumption has decreased compared to 2022. The proportion of fossil fuels in our total energy consumption has also decreased. This is in line with our net-zero policy.

Energy consumption and energy mix		
	2023	2022
Energy consumption from natural gas (MWh)	1,300	1,574
Fuel consumption from other fossil sources (MWh)	8	7
Consumption of purchased electricity from fossil sources (MWh)	0	0
Total fossil energy consumption (MWh)	1,308	1,581
Share of fossil sources in total energy consumption (%)	33%	35%
Consumption from nuclear sources (MWh)	0	0
Share of nuclear sources in total energy consumption (%)	0%	0%
Purchased electricity from renewable sources (MWh)	2,686	2,834
Purchased electricity for sale from renewable sources (MWh) (this should be subtracted from the total, hence the minus)	-181	-123
Consumption of self-generated renewable energy from non-fuel sources (MWh)	206	228
Total renewable energy consumption (MWh)	2,711	2,939
Share of renewable sources in total energy consumption (%)	67%	65%
Total energy consumption (MWh)	4.019	4.520

CO₂-compensation

In addition to our CO₂ reduction efforts, we offset our CO₂ emissions quarterly through the purchase of carbon credits. In 2023, we will offset 5,204 tons of CO₂ through the Gold Standard Bamako Clean Cookstoves project in Mali. For the first three quarters of 2023, we offset our emissions with purchased credits. For the fourth quarter of 2023, we will continue to purchase credits in 2024. The purchased carbon credits are 'retired' when they are purchased, so they cannot be traded again. We do this to ensure that the purchase has actually contributed to our offsetting targets. We receive certificates that are traceable to the Gold Standard Impact Registry, where all this is recorded. The Gold Standard label, set up by organisations such as WWF, differs from other standards in that it emphasises the sustainable development of local communities as well as the reduction of CO₂ emissions.



1.4.2 Cost-effective pension administration

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Cost-effective pension administration'.

Impact

By implementing cost-effective pension administration, we can have a positive impact on the financial security of our clients' participants, including supporting the pension product.

Risks

We have identified the following significant risks that could result in reputational and/or financial damage:

- We may not be able to meet our cost commitments to clients. This could lead to client dissatisfaction and possibly client churn.
- Our costs may not be competitive with the market.
- Participants may perceive pension costs to be too high, leading to a loss of confidence, including support for the pension product.

Opportunities

By offering pension administration at a responsible cost level, we contribute positively to the costs per participant.

Our ambition is to provide pension administration services at a responsible cost level that commensurate with our size, participant groups and desired service levels. We want to remain among the top four pension administration organisations in the Netherlands in terms of cost levels. We achieve this by continuously managing and, where possible, reducing costs. In doing so, we always seek the right balance between cost control and excellent customer service.

Why is this sustainability theme important to us?

As a pension administration organisation, we have an important social responsibility: to provide a good and affordable pension to over 4.2 million members. By providing pension administration services at a responsible cost level, we contribute to poverty alleviation and financial security for pensioners.

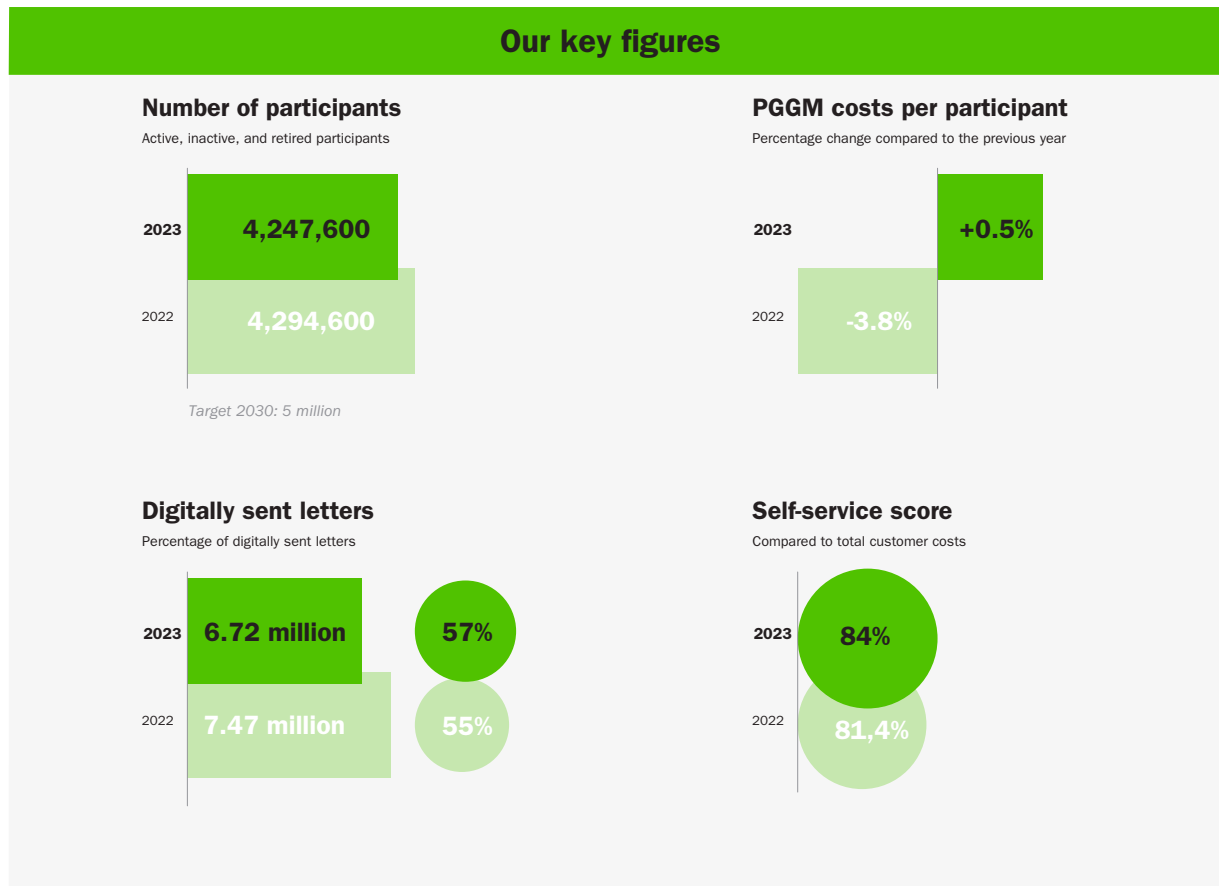
Our approach

We focus on several elements to keep costs manageable:

- We enter into agreements with our clients to provide services at a reasonable cost. In these agreements, we work with our clients to find the right balance.
- We aim to standardise the pension product. Together with our clients, we will promote this during the implementation of the new pension system.
- We apply extensive digitalisation in our pension administration services, including offering self-service options and automating processes. We follow an IT roadmap with digitalisation initiatives.
- We apply controlled growth. By serving additional (large) pension funds, we achieve economies of scale that help reduce the costs per participant.

Our approach to this theme in the coming years will focus on the transition of the pension administration from MN to PGGM and the implementation of the new pension plan. With the addition of PMT and Bpf Koopvaardij as new clients, the number of participants we serve will further increase to 5.6 million in 2024.

What measurements do we use to monitor our impact?



The number of participants we serve on behalf of our clients fell slightly to over 4.2 million. This decrease is due to the large transfer of small pension rights from former participants of PFZW and Bpf Schilders, who are now contributing to another pension fund. However, the increase in participants expected from PMT and Bpf Koopvaardij in 2024 supports our ambition to achieve cost benefits for our clients through economies of scale.

We express the PGGM costs per participant as the realised pension management fee divided by the total number of participants. In 2023, the PGGM costs per participant increased by 0.5 percent compared to 2022. The costs per participant is determined by a number of factors, including the nature and complexity of the scheme, the agreed services and the number of participants in the fund.

In order to achieve cost efficiency through digitalisation, we conduct two measurements:

- The self-service score indicates the proportion of our customer contacts that are handled through digital channels, as a percentage of all customer contacts.
- The measurement of digitally sent letter measures the percentage of paperless correspondence. We cannot achieve 100 percent for this metric as some correspondence is required by law to be sent by post.

Both indicators show an increase compared to 2022. We continue to invest in digitalisation to further improve efficiency, including adding more intelligence to our chatbot.



1.4.3 A comprehensible pension

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'A comprehensible pension'.

Impact

By making pensions understandable, we activate participants in terms of financial awareness and potentially contribute to reducing financial stress among our clients' participants. This in turn increases support for the pension system.

Risks

We have identified the following significant risks that could lead to reputational damage, a weakened competitive position and a loss of financial security and participant confidence:

- Lack of awareness about the pension product can lead to participants that may not see its added value, which could jeopardise support for existing laws and regulations that ensure the existence of pension funds and PGGM as a pension management organisation.
- Participants may lose control of their pensions if we do not effectively fulfil our societal role in promoting financial literacy. This can lead to dissatisfaction and potentially customer attrition.

Opportunities

We have not identified any significant opportunities in this area.

A comprehensible pension gives participants confidence in both the pension system and the new scheme, giving them peace of mind about their financial future. Together with our client, PFZW, we share a common goal in this area: to provide PFZW participants with insight, overview, education and actionable perspectives to help them take control of their own pensions.

Why is this sustainability theme important to us?

Research shows that many participants have little knowledge about their pensions. At the same time, participants are concerned about income in retirement or providing for a partner or children after death. The societal impact we want to achieve with a comprehensible pension is to activate participants' financial awareness and then provide actionable perspectives to prevent financial stress among participants.

Our approach

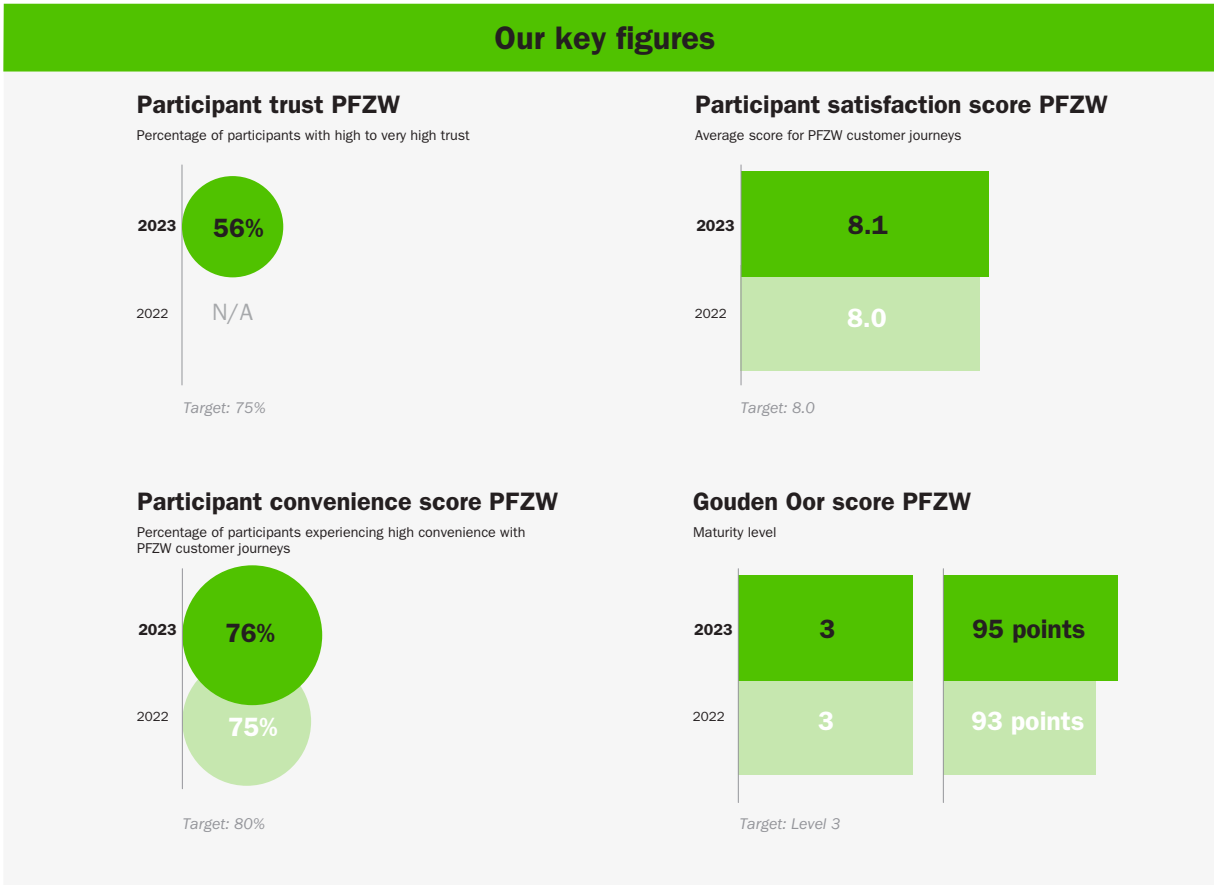
Personalisation and decision support

We aim to provide excellent customer service by identifying where participants are in their customer journey and providing them with personalised information and insights. We use surveys to measure the ease and satisfaction with which participants complete their customer journey. We also have service level agreements with our client, PFZW. Within the customer journeys, we have identified situations that require decision support, such as the conversion of a retirement pension into a partner pension, and we provide support in these situations. We comply with the requirements of the Wtp, which came into force on 1 July 2023. The AFM monitors compliance with this legislation and has issued an 'open standard'.

Customer signal and channel management

We aim to manage customer signals, including complaints, effectively and use them as input to further improve the customer journey. In addition, we make conscious choices between offline and online communication with stakeholders and strive to increase the number of digital personal contact moments.

What measurements do we use to monitor our impact?



Participant trust

Through customer interaction surveys, we aim to gain insight into participant trust in the pension system. In 2023, 56 percent said they had a high to very high level of trust in PFZW, 42 percent were neutral or had no opinion and only 2 percent expressed no trust. We do not have comparative figures for 2022 as we conducted these measurements for the first time in 2023. Through excellent and personalised customer service and the successful implementation of the new pension scheme, we aim to further increase participants' trust.

Gouden Oor

On behalf of our client PFZW, we are participating in the Gouden Oor certification process. An external auditor evaluates the customer dialogue we conduct, which we then use to improve our service to participants. We aim to achieve the highest level of this assessment, which we did in 2022 and 2023. At level 3, we scored 95 points, two points higher than last year and close to the maximum score of 100 points.

Customer satisfaction and convenience

In 2023, participants rated their satisfaction with support during their customer journey at 8.1, exceeding our target of 8.0. The convenience score was 76 percent (high convenience), below our target of 80 percent. By further digitising processes within the customer journey, we aim to improve convenience for participants.



1.4.4 Attractive employment

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Attractive employment'.

Impact

By being an attractive place to work, we have a positive impact on the continued engagement of over 1,500 employees on our payroll and over 300 temporary external employees.

Risks

We have identified the following risks that could lead to reputational damage, business continuity issues and/or claims:

- Failure to be an attractive employer may result in employee turnover and an inability to attract new employees.
- Mishandling an incident of inappropriate behaviour can create an unsafe work environment.
- An unsafe work environment can lead to illness, absenteeism or employee turnover.
- We may struggle to attract and retain quality employees if we are a non-diverse, homogeneous organisation with little focus on inclusion and equality.
- We may fail to meet our people targets, including commitments to top talent and the number of women in management positions.

Opportunities

A well-implemented inclusion, diversity and equality policy can have the benefit of making employees feel at home, thereby increasing their productivity.

Our people are our greatest asset. At PGGM, we believe it is our duty to ensure that they enjoy their work, develop their skills, and feel involved and valued. We also believe that a diverse, inclusive and equitable culture is essential to the success and growth of our organisation.

Why is this sustainability theme important to us?

Without our employees, we would not be able to fulfil our core mission: to provide good and affordable pensions for participants in a vital health and welfare sector and a world worth living in, now and in the future. We therefore strive to be an attractive employer in order to retain our staff and attract new talent.

Our approach

To achieve this, we focus on the following three key areas:

1. A policy framework that promotes employee well-being
2. Offering a wide range of development programmes
3. Competitive terms of employment

Policy framework

Diversity, Equity and Inclusion (DEI)

We recognise the importance of creating a diverse, equal and inclusive culture. This is why we pay so much attention to it. We celebrated International Women's Day in March, Pride Month in June and PGGM Diversity Week in October. During these events, various topics were highlighted, such as visual impairment, the discussion on the implementation of English as the working language per unit, and diversity in the workplace. We have revised our programme and set up a core team, chaired by our CEO, Edwin Velzel. From 2024, we will involve all colleagues in the DEI policy.

Workplace safety

We strive to create a socially safe working environment in which all employees can be themselves and do their jobs to the best of their ability. PGGM has zero tolerance for inappropriate behaviour such as discrimination, abuse of power or (sexual) harassment. We have several confidential counsellors and adhere to a Social Integrity Policy that clearly describes how we deal with inappropriate behaviour at PGGM.

Integrated health policy

which we at PGGM consider to be the minimum standard. We systematically investigate health and safety risks affecting our employees in order to further improve working conditions. In addition, we actively invest in our employees to work on their vitality and sustainable employability. This includes prevention and awareness training for both managers and employees. In 2023, we conducted a preventive medical examination, with 766 employees (48 percent) participating.

Development programmes

Focus on growth and development

Our Performance & Development philosophy supports an ongoing dialogue between managers and employees, where development and performance are discussed without evaluation scores. Each employee creates his or her own development plan. We provide access to the Learning and Development Portal (LEO), which offers a wide range of training opportunities. This gives our employees control over their own development and career paths.

Make it Possible programme

As part of our DEI efforts, our Make It Possible (MIP) programme aims to provide twenty permanent work placements for people who are distant from the labour market under the Participation Act. Ultimately, they will be able to move into regular positions within our company. In 2023, we had thirteen participants in this programme (2022: eighteen). The decline is due to the tight labour market.

Social Engagement

Through the impact platform Bundel, our employees can choose an initiative to contribute socially to themes such as financial fitness, a vital health and welfare sector, and a livable world. Each employee is allocated sixteen hours per year, which they can spend during work hours. As shown in the table below, there has been stable growth in the number of employees participating in this program.

Bundel programme					
		2020	2021	2022	2023
Unique participants	39	131	371	430	500
% of internal employees	3%	9%	25%	29%	33%

Terms of employment

Fit for the future

Through the Fit for the Future programme, we aim to keep our employees physically and mentally fit so they can enjoy a long and healthy working life. To help employees find the right work-life balance, we offer a Generational Leave Scheme and a Vitality Leave Scheme, which provide more extensive leave options. In addition, each employee can use a Fit for the Future budget of €300 per year to improve their mental, physical or financial fitness.

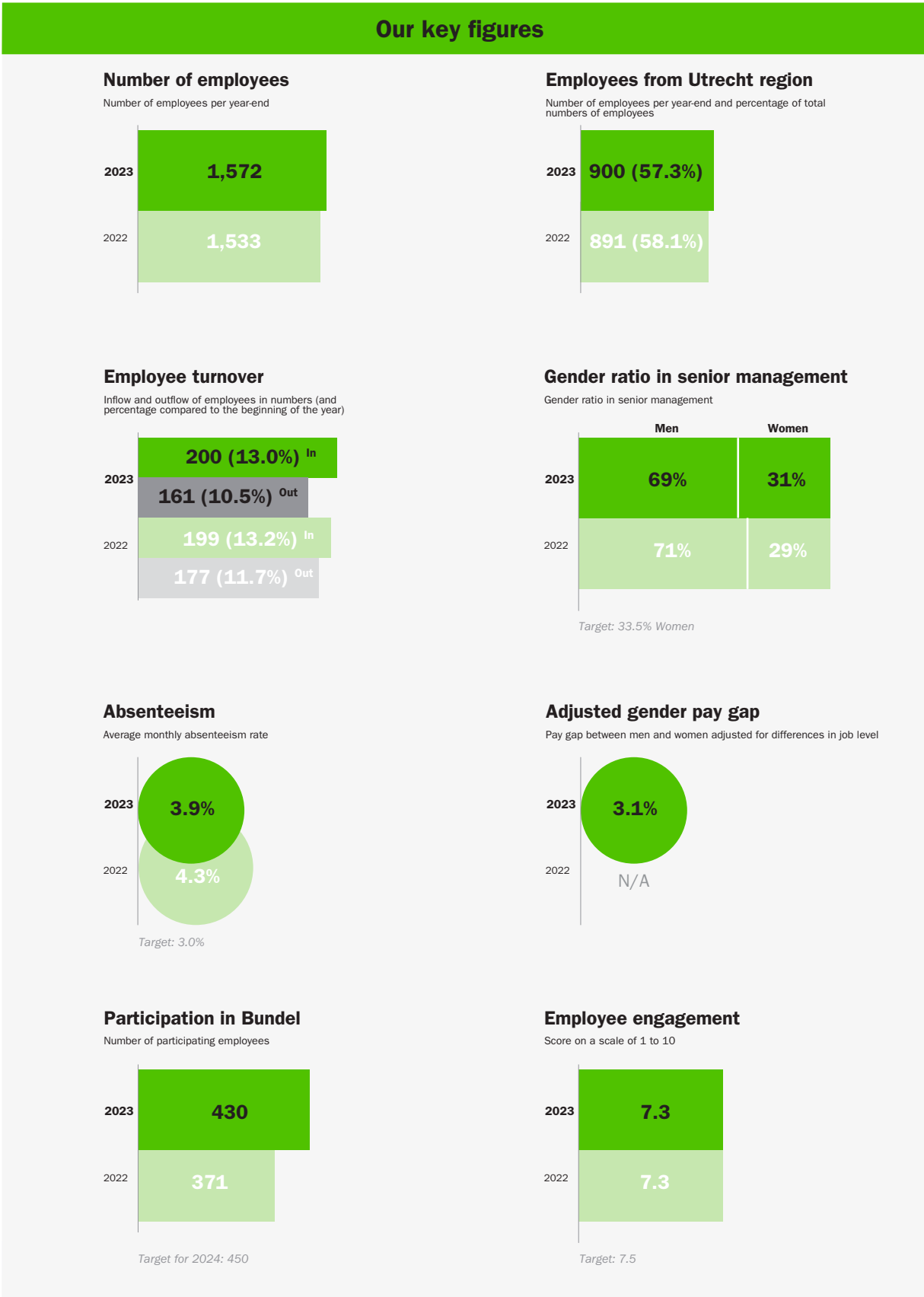
Hybrid working

We believe that hybrid working contributes to a better work-life balance and vitality for employees, as well as our ambition to reduce CO₂ emissions by 50 percent by 2030. We support healthy, ergonomic and effective home working through the Home Working Scheme, which provides employees with a budget to set up an ergonomic workspace at home.

Employee involvement

We engage in collective bargaining with the FNV, CNV and De Unie trade unions, covering all our employees except senior management. We value the right of employees to participate in this process. For this reason, a delegation from the Works Council is present as an observer during collective bargaining. Conditions of employment that are not covered by the collective agreement are submitted to the Works Council in accordance with the law. We also submit requests for approval and advice to the Works Council.

What measurements do we use to monitor our impact?



Employee statistics

At the end of 2023, we had 1,572 employees on our payroll. Of these employees, 97 percent have collective bargaining agreements with PGGM. In addition to our own employees, we employed an average of 371 contractors in 2023 (calculated on the basis of the average number of contractors at the end of each month). During the year, 161 employees left the company and we recruited 200 new employees. Our aim is to increase the number of permanent employees by filling the approximately 60 vacancies that were open at the end of 2023.

PGGM's senior management team consists of 32 people, 22 (69 percent) men and 10 (31 percent) women. This represents an improvement in the gender ratio compared to 2022. However, we have not reached our target of 33.5 percent women for 2023. In line with the law on gender balance, we are working towards this goal.

Through our DEI programme and our revised recruitment and selection processes, we continue to emphasise this across the organisation. The tables below show the diversity of our workforce by gender and age.

Age distribution of workforce						
	2023			2022		
	< 30	< 30 – 50	> 50	< 30	< 30 – 50	> 50
Distribution of employees by age	187	828	557	187	802	544
	12%	53%	35%	12%	52%	35%

Werknemersdiversiteit					
	2023		2022		
	Men	Women	Men	Women	
Executive Committee	3	2	3	2	
	60%	40%	60%	40%	
Senior management (excluding EC)	19	8	22	8	
	70%	30%	73%	27%	
Management	84	40	81	36	
	68%	32%	69%	31%	
Totaal workforce	963	609	950	583	
	61%	39%	62%	38%	
Permanent contract	880	550			
	91%	90%			

Other employee indicators

Our absenteeism rate for 2023 (measured as the average absenteeism rate over 12 months) is 3.9 percent. This is an improvement on 2022 (4.3 percent) but still well above our internal target of 3 percent. Although absenteeism cannot always be prevented, we are addressing it through our Vitality programme, our integrated health policy and our Fit for the Future programme.

We conduct an annual employee survey. The survey measures key issues such as engagement, employer quality and leadership. The engagement score indicates the extent to which employees feel connected to the organisation. In 2023, as well as in 2022, this score was 7.3. Our target is to achieve a score of 7.5.

We examine the main reasons for employee retention and turnover and try to address them. As part of our social responsibility, we maintain a median position in the reference markets for our remuneration. For example, all PGGM employees receive a full-time salary above the minimum wage, which will be € 1,995 in the Netherlands as of 1 July 2023.

In 2023, PGGM had a gender pay gap of 20.4 percent based on gross hourly pay. This indicates a difference in pay between men and women. Research shows that relatively fewer women than men are in higher pay grades. Adjusted for the pay scale factor, the pay gap is 3.1 percent. In 2024, we will continue to investigate why relatively fewer women are in higher pay grades.

In accordance with European legislation (CSRD), we also provide the following data on our workforce:

- All PGGM employees are entitled to parental leave. In 2023, 9 percent of men and 8 percent of women at PGGM took advantage of this benefit.
- For 2023, the ratio between the annual total compensation of the highest paid person at PGGM and the median annual total compensation of all employees is 7.2 (2022: 7.5). This ratio is the result of our remuneration policy, which aims to reward responsibly and consciously, taking into account our position in the labour market. For this reason, we choose a compensation position for the different target groups based on benchmarking against agreed reference markets.



1.4.5 Vitality in health and welfare

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Vitality in health and welfare'.

Impact

Through investment and the use of data, knowledge, expertise and our network, we can help reduce workload, turnover and absenteeism in the health and welfare sector. This will increase job satisfaction for employees and provide better insight for employers. Ultimately, we can help to close the care gap and address the rising demand for care and declining supply.

Risks

If we do not have a clear understanding of the needs and aspirations of employees and employers, we cannot provide the right products and services. This can lead to reputational and/or financial loss.

Opportunities

Increased job satisfaction and healthier employees lead to reduced absenteeism. This reduces the workload for healthcare professionals and reduces disability costs for PFZW.

In the years to come, the care gap will only increase; the demand for care will continue to grow while the availability of care will decrease. Together with PFZW, social partners and our subsidiary Vernet, we are therefore committed to reducing this care gap. Our ambition is to make the sector more vital, with the aim of having 1 million vital employees in the health and welfare sector by 2030.

Why is this sustainability theme important to us?

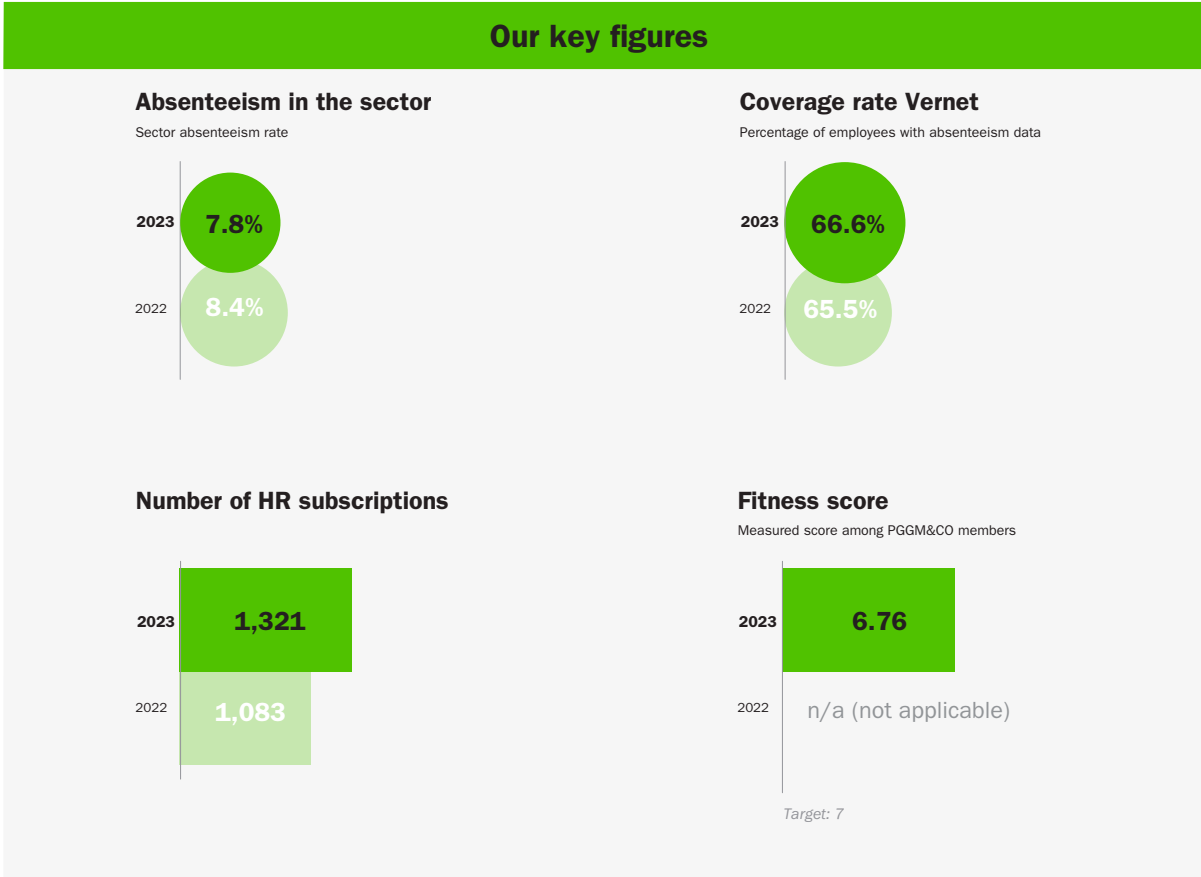
Because of our heritage, we have strong links to the health and welfare sector and feel a social responsibility to support it. We believe that vital employees are the driving force behind a healthy and affordable health and welfare sector. This means paying attention to both fitness and job satisfaction.

Our approach

We focus on three pillars:

1. **Vital Participants:** Through our membership organisation, PGGM&CO, we aim to improve the physical, mental and financial wellbeing of workers in the health and welfare sector. We also conduct regular research on vitality issues in the sector for PFZW. We also run campaigns, develop the Vitality Monitor and set up a research platform.
2. **Vital employers:** Under the name PFZW Datadiensten, we help healthcare institutions gain insight into their employee data with a subscription to our data services and access to our HR data portal. In this portal, institutions can analyse employee data and compare it with other healthcare institutions. Our subsidiary Vernet offers organisations a subscription that provides insight into their own absenteeism rates by comparing them with industry figures. It's also possible to subscribe to compare internal departments or sites, for which we also offer webinars. This helps employers allocate resources effectively to reduce absenteeism. In 2024, we will start to develop a common showcase for these activities.
3. **Vital sector:** Together with Stichting IZZ and Stichting FWG, we have developed a prevention plan that aims to reduce absenteeism and unwanted turnover in the health and welfare sector by a quarter by 2027 compared with 2022. This prevention plan will be implemented in cooperation with and subsidised by the Ministry of Health, Welfare and Sport (VWS). Vernet provides insights and tools to industry organisations in the healthcare sector based on absenteeism data collected from healthcare institutions. The aim is to extend this to the welfare sector.

What measurements do we use to monitor our impact?



Absenteeism in the health and welfare sector

Although we cannot directly influence the absenteeism rate, it is an important indicator of the vitality of the sector. In 2023, absenteeism in the care sector fell to 7.8 percent (2022: 8.4 percent), but remains high. We aim to improve this absenteeism rate by using data-driven insights and sharing tips from high-performing organisations in the sector.

The coverage rate, the percentage of employees in the care sector for whom we have absenteeism data at Vernet, is also an important indicator. A higher coverage rate leads to better insights that we can share with the sector. We are therefore striving to increase our coverage of the sector. In 2023, the coverage rate increased by approximately one percentage point to 66.6 percent as we grew from 331 to 339 affiliated institutions (the target was 341). We hope to add a further ten clients in 2024.

In addition, through PFZW Datadiensten, we offer complementary HR support to organisations in the sector. In 2023, the number of organisations subscribing to the HR data portal will increase by 238 subscriptions to a total of 1,321. We do not yet have a specific target for this.

Contribution to vitality

In 2023, we conducted a survey of 711 PGGM&CO members to assess the extent to which PGGM&CO products and interventions contribute to financial and physical fitness. The score was 6.76, below our target of 7.0.



1.4.6 Data security and privacy

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Data security and privacy'.

Impact

As a pension administration organisation and a player in the care and welfare sector, we use sensitive personal data. Without this data, we would not be able to provide our products and services. The security and privacy of this data is therefore a high priority for us.

Risks

We identify the following risks that could lead to reputational damage and/or claims:

- The risk of failing to comply with applicable security and privacy laws and regulations or contractual agreements in a timely and demonstrable manner.
- The risk of not adequately ensuring the desired level of data protection in information systems.
- The risk of cyberattacks aimed at obtaining confidential or secret information, disabling computer systems or disrupting communications.
- The risk that a supplier does not meet our security requirements, which could lead to data breaches, fraud or business continuity issues.

Opportunities

We view data as a strategic asset that must be carefully protected from data breaches and/or cyberattacks. By managing this well, there is an opportunity to be seen by potential new customers as a trusted partner who is careful with data.

At a time when criminal use of illegally obtained personal data is becoming increasingly profitable, we consider the protection and proper handling of privacy-sensitive data to be of great importance. We view this data as a strategic asset. Therefore, our policies, guidelines and security measures are driven not only by legislation, but also by our own standards.

Why is this sustainability theme important to us?

As PGGM, we process the personal data of more than 4.2 million participants on behalf of our clients. In addition, we serve approximately 765,000 members in the health and welfare sector (of which 365,000 are active members), employ more than 1,500 staff and use the services of more than 300 external contractors. This gives us access to a significant amount of personal information.

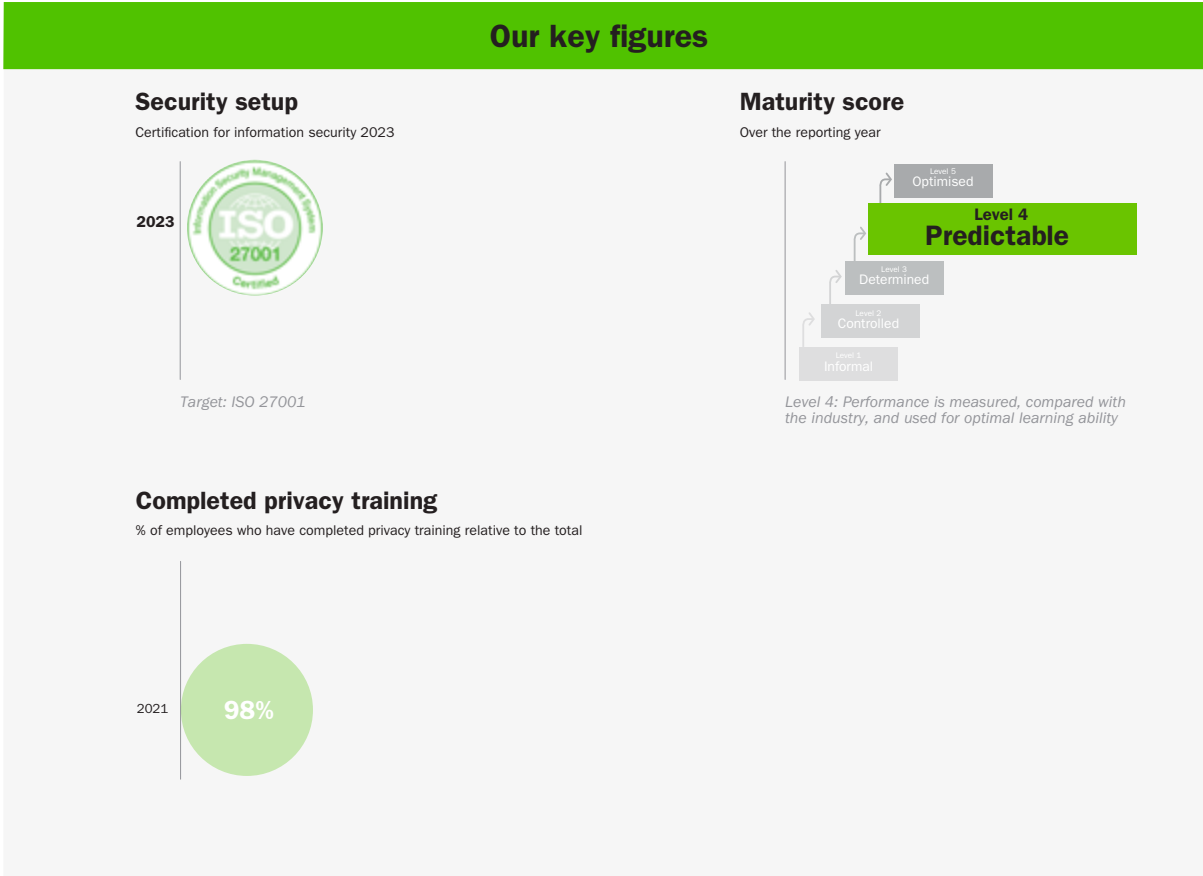
Our approach

Data protection in our organisation is structured around several components:

1. **Policy framework** and guidelines: We ensure that our data processing complies with European data protection legislation, the General Data Protection Regulation (GDPR/AVG) and the Dutch GDPR Implementation Act. We have established a privacy control framework to identify and address potential shortcomings in a timely manner. We also have a Data Protection Officer who monitors compliance with the policy. In addition, we are subject to the supervision of the Dutch Data Protection Authority and the Dutch Central Bank (DNB).
2. **Use of data:** Throughout the company, we have appointed data owners and data stewards who are responsible for data governance and data quality of personal data. We have also set up data management functions that provide guidelines for data use, monitor compliance and report to the Data Governance Board.
3. **Data protection:** We have implemented security measures to provide technical protection for sensitive personal information. We use technological measures such as advanced firewalls, encryption technologies, an intrusion detection and prevention system (IDS/IPS) to detect and prevent unauthorised activity, and a security information and event management system (SIEM) to collect and analyse security information. We have also implemented organisational measures.

A management organisation oversees the technical measures, and a Security Operations Centre monitors the security situation and responds immediately to incidents. These measures, together with the training of our employees, are essential for the correct day-to-day handling of data.

What measures do we use to monitor our impact?



Security setup

We are certified to the ISO27001 Information Security Standard. ISO (International Organisation for Standardisation) is a global organisation that develops and publishes standards. Independent and qualified auditors have determined that our company meets these international standards. In addition to ISO27001, we also assess our information security against other market-conforming frameworks and guidelines, including the Center for Internet Security (CIS) security guidelines, the Information Security Forum (ISF), Logius' Digital Identity (DigID), DNB's Code of Conduct for Personal Investigation (GP) and, from 2025, the Data Government Reference Architecture (DORA). This approach ensures that our information security is in order, both internally and externally.

Data privacy

Every year, we implement various privacy awareness initiatives to keep our employees' awareness sharp. For example, we provide privacy training, ensure that privacy is on the agenda for team and management meetings, and every employee is required to complete a privacy e-learning. This privacy e-learning is updated every three years. The last update was in 2021 and the reach of the training was measured, showing that approximately 98 percent of our employees have completed the privacy e-learning. A new training will be introduced in 2024 and the reach will be measured again.

External research conducted by the certified Center for Information Security and Privacy Protection (CIP) shows that the maturity level of our privacy setup is 4+ on a scale of 5. This is in line with our ambition.



1.4.7 Ethical, integral, and responsible business conduct

In preparation for the upcoming European legislation, we have outlined below the key impacts, risks and opportunities we have identified for the sustainability theme 'Ethical, integral and responsible business conduct'.

Impact

We believe that ethical, integral and responsible business conduct is essential to creating an environment of trust with our stakeholders. It is our social duty to act with care, integrity and transparency to ensure that our reputation remains intact. This contributes to our core mission: to provide trusted pension management for our clients' participants.

Risks

We identify the following key risks that could result in reputational damage, compromise of integrity, loss of license to operate and/or financial loss:

- The risk of non-compliance with responsible tax, anti-corruption and anti-competition policies.
- The risk of employees acting in violation of the Code of Conduct and/or laws and regulations.
- The risk to the continuity, integrity and/or quality of PGGM's services due to deficiencies in outsourced services.

Opportunities

We have not identified any significant opportunities in this area.

In our role as a financial services provider, our stakeholders' trust is vital to us. Ethical, integral and responsible business conduct is therefore our license to operate. This is why we have an active policy in this area and are striving for a high level of maturity.

Why is this sustainability theme important to us?

Our stakeholders expect us to promote a culture in which integrity is a core value, including compliance with applicable laws, regulations and (internal) codes of conduct. We believe that such compliance is essential to ensure public trust in our company. We have therefore established appropriate codes of conduct and agreements to maintain confidence in our organisation and services.

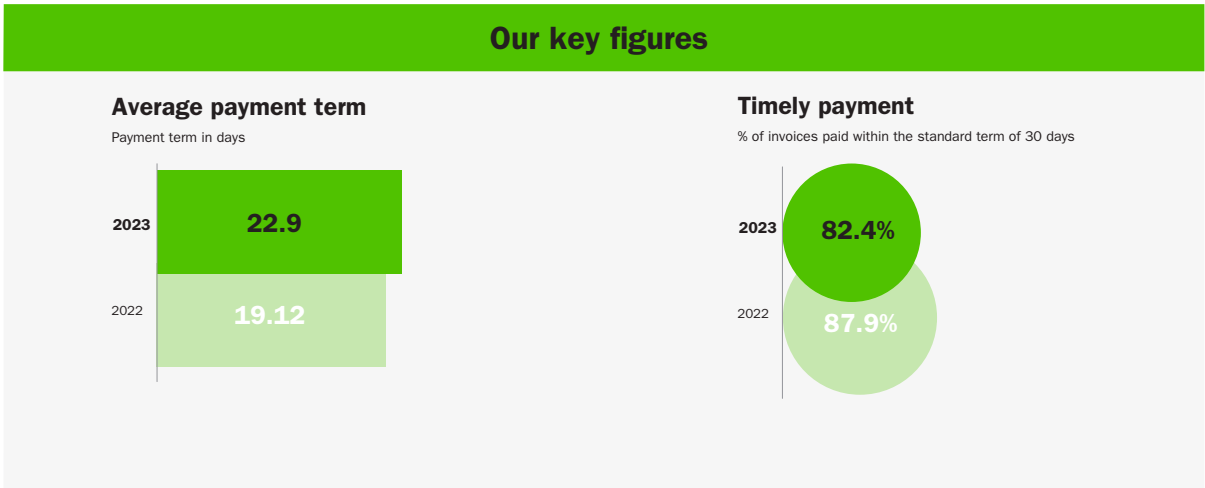
Our approach

We conduct our business ethically, with integrity and responsibility, through the following measures:

1. **Policies and guidelines:** We have established policies and a code of conduct to ensure proper business operations and to prevent actions that violate laws and regulations. We are subject to national and international regulatory oversight. National supervision is provided by the DNB, the Netherlands Authority for the Financial Markets (AFM) and the Dutch Data Protection Authority (AP). At the European level, our activities are supervised by the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA). Our compliance function monitors adherence to these policies and reports to the CFRO and the regulators.
2. **Our role with our suppliers:** We want to work with our suppliers towards a sustainable society. Therefore, our Socially Responsible Procurement policy, which emphasises ethical standards and sustainable development, is an integral part of our purchasing terms and selection process. We also remind suppliers of their obligations under relevant laws and regulations in our request for proposal. We make it clear that any breach of these obligations will be reported to the relevant authorities.
3. **Active lobbying and participation in associations:** We actively participate in associations and lobby on behalf of our clients and their participants. We participate in various working groups of the Pension Association and are members of the Dutch Fund and Asset Management Association (for specific investment-related issues) and VNO-NCW. We are also a member of Climate Action 100+. We aim to play a leading role in climate initiatives.

We actively lobby on key issues such as pension-related legislation (including the Dutch Pension Act - Wtp), the labour market and digitalisation. We also engage in discussions with the Dutch government, political bodies and interest groups to explore how Dutch pension capital can make a significant contribution to the transition to a sustainable economy.

What measurements do we use to monitor our impact?



Corruption and/or bribery

No incidents of corruption or bribery were reported or otherwise made known during the year.

Whistleblower policy

No reports were received under the whistleblower policy in 2023.

Payment practices

In line with sustainability legislation on governance, we provide information on our payment practices to our suppliers. Our standard payment term, as set out in our procurement terms and conditions, is 30 days. In 2023, the average payment term was 22.9 days and 82.4 percent of invoices were paid within the standard 30-day term. 17.6 percent were not paid within the standard term due to operational factors such as incomplete invoices received.

1.5 Outlook 2024

In 2023, we prepared for major transitions: the new pension system, the move from 2D to 3D investments and the collaboration with MN in the pension administration chain. 2024 is the year when we move from policy to implementation.

The new pension system

The new pension system must be officially implemented in the Netherlands by 1 January 2028. The knowledge about the systems to be introduced is available and the decisions have been taken. Now is the time to develop and implement this policy, from the IT side to communication, market launch and execution of our clients' new schemes. 2024 is the year we continue to ensure the transition is completed by 1 January 2026.

We provide guidance and advice to our clients' boards on their formal acceptance of the transfer. Additionally, we develop policy frameworks on issues such as manageability and rebalancing around the implementation of the solidarity premium scheme. Furthermore, we translate our clients' onboarding and compensation policies into practical guidance for implementation within our pension and asset management organization.

In 2024, we will also complete most of the necessary adjustments to our pension administration and investment management systems, including integration within the chain. The implementation of the solidarity premium system will change the coordination between asset management and pension management. We will structure the information flows within our organisation between the two components in accordance with a market standard to be developed in 2023. The same applies to the realisation of a transition road, through which we will manage the transition from the current pension system to the new one at the time of the transition.

From 2D to 3D

The transition to a 3D investment organisation affects our investment model, the way we work and our people. In 2023, we improved our IT capabilities, our data and analytics platform and the way we work. In 2024, we will invest even more in IT, data and analytics to further improve our capabilities and increase the use of data and analytics platforms in asset management.

MN colleagues

The launch of MAP at MN was an important milestone. The next big moment is scheduled for 1 July 2024, when our MN colleagues will join PGGM and the mandate transfer for PMT and Bpf Koopvaardij will take place. We look forward to these two new PGGM clients and the arrival of new colleagues.

Vital health and welfare sector

As part of our commitment to a vital sector with vital employees and employers, we want to continue to help reduce the care gap. In 2024, we will continue to conduct research, work with social partners and support participants through PGGM&CO. Being active in the health and welfare sector has a prominent place in our strategy towards 2030.

Investing in a future-proof organisation

In 2023, we invested in effectively serving our clients' participants. In 2024, with over two thousand employees and two new clients, we will continue to do so. We are investing in the implementation of the new strategy, the transition to the new pension system and further improvements in IT and digitalisation.

Financial outlook

As a result of the above developments and necessary investments, our costs are expected to grow faster than our revenues in 2024. As a result, we expect to end with a negative margin in 2024. This is a deliberate decision in line with our multi-year strategy of investing to remain future-proof. Our multi-year financial forecast anticipates on temporary negative margins. Our equity is above the level required by our policy. This gives us a buffer against potential financial setbacks. In addition, we have access to a € 150 million credit facility from PFZW to cover any liquidity shortfall.

Transparency on sustainability

For the financial year 2025, we are required to report on the basis of the CSRD legislation. This year we have taken steps in our sustainability reporting. In 2024, we will focus on improving our reporting and further integrating ESG criteria into our business policies. By 2026, we aim to fully and transparently report on our sustainable operations for 2025.



Report of the Supervisory Board

In this report, the Supervisory Board explains how it has fulfilled its supervisory and employer's role in the past year and how it has supported the Executive Board with advice. Also discussed are the most important substantive matters in which the Supervisory Board was involved this year.

Tasks and responsibilities

The Supervisory Board supervises the Executive Board's policy and general affairs relating to PGGM and its affiliated businesses. The Supervisory Board also advises the Executive Board and in doing so considers all relevant interests. As well as the supervisory and advisory role, the Supervisory Board acts as an employer towards the members of the Executive Board.

Supervisory and advisory role

The Supervisory Board looks back on a year of intensive discussions on issues affecting the future of PGGM, including the introduction of the new pension scheme, the implementation of the joint strategy of PFZW and PGGM, the cooperation with MN, PMT and Bpf Koopvaardij, 3D investing, the development of asset management for PFZW and the housing project.

In its supervisory and advisory role, the Supervisory Board monitors, questions and advises the Executive Board on a wide range of issues. These include financial, compliance, risk, IT, HR, sustainability and strategic issues. The Supervisory Board regularly discussed with the Executive Board the achievement of PGGM's objectives, the strategy and risks associated with the company's activities, the design and operation of the internal risk management and control systems, the financial reporting process, compliance with laws and regulations, cost developments, the project and change calendar and risk appetite.

The Supervisory Board as employer

The Board evaluates the performance of the members of the Executive Committee at least once a year, including in 2023. The Supervisory Board takes a structured approach to evaluating the performance of the members of the Executive Committee (including size and composition). In 2023, the Supervisory Board reappointed Willem Jan Brinkman as CFRO of PGGM for a period of 4 years from 29 November 2023. The employer's role also includes overseeing the staffing of PGGM's top management and the design of the internal remuneration structure. The monitoring of succession planning is an important task of the Supervisory Board in order to ensure the continuity of PGGM. For example, the succession plan for the Executive Board is discussed annually. Although the Executive Board is responsible for succession planning policy, the Supervisory Board monitors this and succession planning for PGGM's top management is discussed annually with the Executive Board.

The People & Organisation Committee (P&O Committee) advises the Supervisory Board on, among other things, the preparation of decisions on the composition and (re)appointment of the Executive Committee, the remuneration of Executive Committee members, PGGM's remuneration policy and succession planning. The (preparatory) work of the P&O Committee is discussed in more detail in the P&O Committee section of this chapter.

Ancillary positions and conflicts of interest

The Compliance Department reviews the proposed ancillary positions of each Board member for (the appearance of) conflicts of interest. To this end, a process is in place whereby each new outside position is submitted to the Compliance Officer and the Chairman of the Board for review and approval. In addition to (the appearance of) conflicts of interest, the portfolio of ancillary positions per Board member is checked against the rules on limiting the number of supervisory positions in accordance with the Management and Supervision Act.

A member of the Executive Board must obtain prior approval from the Supervisory Board for any ancillary position taken during his or her term of office on the Board. The Board grants permission if there is no conflict of interest and if the time commitment of the outside activity is not such as to interfere with the performance of the Board member's duties.

There have been no transactions involving potential conflicts of interest of material importance to PGGM and/or the relevant members of the Executive Board and/or Supervisory Board, shareholders and/or the external auditor.

Composition of the Supervisory Board

All members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code. On the appointment of its members, the Supervisory Board aims for a complementary composition of the Board. This is included in the profile of the Supervisory Board.

Diversity in terms of culture, age, education, work experience and gender is appropriate here. When deciding on the appointment and reappointment of members of the Supervisory Board, we make use of the supervisory board profile, the succession plan and the supervisory board competence matrix.

The resignation of Eric de Macker on 30 September 2023 - due to the end of his second and final term of office - created a vacancy on the Supervisory Board from 1 October 2023. The PGGM Annual General Meeting on 10 May 2023 appointed Han Busker as a member of the Supervisory Board with effect from 1 October 2023. The Board sincerely thanks Eric de Macker for his efforts and commitment over the past years.

The composition of the Board is described in this chapter, the CVs of the Board members and the retirement schedule can be found [here](#). The profile of the Board can be found at www.pggm.nl.

Review of own performance

The Supervisory Board reviewed its own performance in early 2024. The overall assessment of the Supervisory Board was positive, both with regard to the open cooperation with PGGM's Executive Board and with regard to mutual cooperation within the Supervisory Board.

However, the Supervisory Board noted in its evaluation that the time commitment was considerable, partly due to the additional meetings required due to the nature and complexity of various issues, including PGGM's strategy towards 2030 and the cooperation with MN.

Permanent education and in-depth meetings

The Supervisory Board believes that continuing education adds substantial value to the functioning of the board. Accordingly, the board has its own education plan. In 2023, in-depth meetings were held on a number of subjects, including the new pension agreement - and PGGM's preparations for this, the PGGM employee of the future (in relation to accommodation) and transformation, culture and leadership.

Members of the Supervisory Board, together with the Cooperative Council and PFZW, also participate in governance modules organised by PGGM. These focus four times a year on current developments affecting clients, participants or the internal organisation within a PGGM business unit. Some topics of board modules in 2023 were participant perspective, innovation in customer contact, health and welfare, impact investing and digital transformation.

Supervisory Board meeting attendance

The Supervisory Board held five regular meetings in 2023. Members of the Executive Board are present at these meetings of the Supervisory Board. Members of the Executive Committee attend Supervisory Board meetings for topics where their expertise is requested. There were also nine interim meetings of the Supervisory Board, which included further in-depth discussions on subjects such as the (intended) collaboration with MN, the accommodation project and PGGM's strategy towards 2030.

Composition of the Supervisory Board and its committees and attendance rates at meetings of the members concerned

	Supervisory Board	Accounting, Reporting and Audit Committee	P&O-committee
Number of meetings	14	8	5
Marjanne Sint	100% (Chair)		100%
Henk Broeders	100% (Vice Chairman)	100%	
Doede Vierstra	86%	87,5% (voorzitter)	
Eric de Macker	90% (member of the Supervisory Board until 30 September 2023)		100% (Chair until 30 September 2023)
Françoise Dings	79%		100% (Chair from 1 October 2023)
Jan van Rutte	100%	100%	
Han Busker	100% (member of the Supervisory Board from 1 October 2023)		100% (member from 1 October 2023)

Topics discussed in 2023

The Supervisory Board monitors PGGM's strategy and the way in which the Executive Board realises the strategy (and the associated principal risks) in order to achieve sustainable long-term value creation. Fixed agenda items at each regular meeting also include: developments in the environment and business operations, the status of our clients, innovation and change capacity, pension administration and asset management services.

Joint strategy

By the end of 2022, PFZW and PGGM formulated a joint strategic vision that responds to current changes and future requirements. This defines the course of both organisations until 2030. To achieve the strategy, ambitious targets have been set in the domains: Participants, Pensions, Investments and Health and Welfare. In all these, the focus until 2026 is on the flawless transition to the new pension system. The Supervisory Board is closely monitoring this process.

Strategic housing

In 2023, the Supervisory Board discussed housing intensively with the Executive Board. After extensive research of various options, the Executive Board, with the approval of the Supervisory Board, expressed its intention for PGGM to investigate the feasibility of moving in the long term to a location to be determined, with good accessibility by public transport, in order to achieve the working environment that best suits PGGM's current and future situation.

Pension administration

The Strategic Vision 2030 of PGGM and PFZW includes the valued objective of achieving economies of scale in pension administration in order to guarantee excellent client service at a responsible cost level. The cooperation with MN, PMT and Bpf Koopvaardij offers PGGM the opportunity to achieve the desired economies of scale, which will give PGGM a good position in the Dutch pension administration market for its clients, even after the new pension law (Wtp) comes into force.

PGGM has already prepared MAP for the administration of PMT from 2021. The Supervisory Board has regularly discussed this in detail with the Executive Board in (extra) meetings. From 1 January 2024, the pension administration of MN's affiliated funds PMT and Bpf Koopvaardij will be handled by PGGM's MAP system. Intensive discussions were also held in 2023 on how to deepen the cooperation that started in 2021. It was agreed that PMT and Bpf Koopvaardij would transfer the pension administration mandate to PGGM as of 1 July 2024. This will create an integrated pension administration company within PGGM Pensioenbeheer B.V. As part of the cooperation between MN and PGGM, a number of meetings were held with the joint supervisory boards of MN and PGGM.

The Senate's decision to pass the Wtp in June was an important milestone for PGGM. With the adoption of the Wtp, we are on our way to making the new pension system a reality. At each meeting, the Supervisory Board monitors the progress of the milestones in PGGM's ambition to make the transition to the new pension system.

Asset management

In an environment where PGGM is a relevant player, ready for the new pension contract, and where efforts are being made to make investments more sustainable, to increase relevance in the health and welfare sector and to prepare for future issues, PGGM's Asset Management must also be agile to meet these major challenges. The Supervisory Board, together with the Executive Board, reflected on PGGM's investment vision. With sustainable value creation for participants, Vermogensbeheer wants to focus on a good financial return through long-term value creation with a positive contribution to society and the environment. This is known as 3D investing. Investments should not only provide returns and a good pension, but also a good pension in a liveable world.

Health and welfare

The tight labour market in the health and welfare sector and the growing care gap is one of the biggest societal issues of the coming decades. PGGM works from knowledge of data and funding issues, from analysis to concrete solutions. PGGM is forging closer partnerships in the sector, including with employers, to develop services that provide answers to (pension) issues and can have a positive impact on the attractiveness of working in the sector. The Supervisory Board is pleased to note that PGGM, with these additional services, can contribute to job satisfaction in the sector, to being an attractive employer and thus to securing the future of the health and welfare sector.

Other matters

In addition to the annual discussion and approval of the management report, the financial results and the main risks associated with operational management are reviewed on a quarterly basis on the basis of performance and audit reports. Client satisfaction is also reviewed on a quarterly basis. In order to further develop the Supervisory Boards' advisory role, the Supervisory Board also held interim (informal) meetings in 2023 to discuss current issues in depth.

The Supervisory Board is pleased to note that PGGM has taken a further step in the area of Diversity, Equity and Inclusion (DEI). The Diversity Board has been integrated into a PGGM-wide DEI community, with Edwin Velzel (CEO of PGGM) as the lead sponsor from the EC. Inclusive employment is addressed in a comprehensive way, including by giving these aspects a place in the profile of the EC and by actively raising awareness of the ideas of inclusiveness and diversity. In 2023, the Supervisory Board approved the DEI policy, which states that PGGM wants to contribute to social, economic and political inclusion.

The Supervisory Board discussed with the Executive Committee the new pension agreement, its significance for PGGM's operations and what innovations could be developed in the future. PGGM's culture and leadership also play an important role in making the organisation more efficient and agile. As in previous years, the Supervisory Board discussed tax dilemmas and tax policy with the Executive Committee. The Board receives regular updates on current developments, giving it a timely insight into relevant developments that could affect PGGM's operations and reputation.

In addition, several times a year the Board receives comprehensive and detailed information on various aspects of the investment strategy, such as the internal or external management of asset management mandates. Another important aspect discussed by the Board is the requirements and conditions necessary to create value, both financially and socially, as a long-term investor.

Committees of the Supervisory Board

The Board has established two preparatory committees from among its members: the Audit, Risk & Compliance Committee (ARC) and the People & Organisation Committee (P&O Committee).

ARC

The ARC assists the Board in overseeing the activities of the Executive Committee in areas such as the quality of financial reporting, internal risk management and risk policy and management. The members of the ARC are Doede Vierstra (Chairman), Henk Broeders and Jan van Rutte.

The ARC's responsibilities include advising and preparing decisions for the Supervisory Board and supervising and monitoring the Executive Board with regard to the integrity and quality of financial reporting and the effectiveness of PGGM's internal risk management and control systems. This includes monitoring compliance with relevant laws and regulations and the operation of PGGM's Code of Conduct (including insider trading rules).

The ARC met eight times during the year: five regular meetings and three additional meetings. The additional meetings focused in particular on the draft annual report, the risk analysis in relation to the cooperation with MN and PMT and the implementation of the MAP. The regular meetings were attended by the Chief Financial and Risk Officer (CFRO), the Director of Internal Audit and the external auditor. The Directors of Finance & Control, Risk and Compliance were present for the discussion of the quarterly reports. In closed sessions, the ARC evaluated the effectiveness of the internal and external audit processes, the performance of the Director of Internal Audit, the internal audit function and the engagement of the external auditor.

The Committee discussed the results of the periodic performance reports and audit reports. These results relate to the effectiveness of the internal risk management and control systems, as well as findings and observations that have a significant impact on the risk profile of PGGM and its subsidiaries. The ARC has followed up on various findings, including compliance with laws and regulations. We have further improved the control of financial statement relevant processes that relate to the execution organisation itself.

PGGM will have to comply with the CSRD from the financial year 2025. The CSRD was adopted by the European Parliament on 10 November 2022. The CSRD includes an obligation (EU Directive) to prepare a sustainability report in a standardised manner. The aim is to make organisations' sustainability reports more transparent and comparable. This will enable market participants to make better-informed sustainability decisions. In 2023, the Board decided to assign ESG-related issues, including CSRD, to the ARC instead of creating a new committee. The ARC oversees PGGM's approach to CSRD implementation, planning and milestones during implementation.

Participants, employers, pension funds and PGGM need to be confident that the data used within the PGGM organisation is reliable. To ensure this, it is important that data management within the organisation is well structured and functional. The ARC has been informed of the establishment, existence and operation of data governance within PGGM.

Each year, the ARC discusses the risk appetite set by the EC and advises the Supervisory Board on its approval. At each meeting, the ARC discusses PGGM's risk profile based on reports from ERM and Compliance. Risks related to external factors, such as labour shortages and changes in the pension landscape, have a significant impact on PGGM's operations. Internal factors include risks related to the desired transition of the organisation, IT risks (infrastructure and security) and general HR risks. PGGM's services are largely data and IT driven, resulting in increased exposure to IT and cyber risks. This has been discussed extensively at ARC meetings. The ARC has confirmed compliance with laws and regulations.

The Board receives reports and meeting papers from the ARC. During the Board meeting, the Chairman of the ARC provides verbal feedback on the ARC's discussions. Board members who are not members of the ARC have a standing invitation to attend the meetings. The CFRO and the Chairman of the ARC also communicated regularly throughout the year on current issues and the preparation of meetings.

P&O Committee

Françoise Dings (chair from 1 October 2023), Marjanne Sint and (from 1 October 2023) Han Busker are members of the P&O Committee. Eric de Macker chaired the P&O Committee until his retirement from the Board on 30 September 2023.

The P&O Committee met five times in 2023. The composition of the P&O Committee takes into account the requirement that at least one of its members has in-depth knowledge and experience of a remuneration policy comparable to that of PGGM. The CEO and the P&O Director attend the P&O Committee meetings as a matter of course to provide explanations on various topics.

The P&O Committee assists the Supervisory Board in preparing decisions on the composition and (re) appointment of the Executive Board and the remuneration of the members of the Executive Board as well as PGGM's remuneration policy.

The tasks of the P&O Committee also include overseeing the strategic HR policy aimed at ensuring the continuity of PGGM, the adequacy of staffing levels in relation to PGGM's strategic direction, and advising on and overseeing activities related to DEI policy, organisational culture, talent management and development, labour mobility, employee development, working conditions, employee survey results and the quality of employee representation. In addition, each meeting focuses on one or more of P&O's five strategic themes: Labour Market Proposition, Leadership, Talent Development, Strategic Workforce Planning and Organisational Design and Restructuring.

The P&O Committee advises the Supervisory Board on the evaluation of the members of the Executive Board for 2023 and on the remuneration of the individual members of the Executive Board. For 2023, the realisation of the strategic goals for 2023 and the observations of the members of the Supervisory Board serve as input for the evaluation of the individual members of the Executive Board for 2023. Throughout the year, the members of the Supervisory Board regularly interact with various stakeholders, including (representatives of) the Works Council and the Cooperative Board. Based on these observations, the P&O Committee can form a comprehensive view of the performance of the Executive Board members. Every two years, a 360-degree evaluation of the Executive Board members is also part of their assessment. The next 360-degree evaluation will take place in 2024. In addition, the results of the fleet review of PGGM directors were taken into account. On the basis of these results, the quality and potential of the directors within PGGM was discussed, in particular with regard to succession and forward planning.

In early 2024, the Supervisory Board again prepared a remuneration report (for 2023) to provide clear accountability for the implementation of the remuneration policy. This report was discussed by the P&O Committee and approved by the Board in early 2024. The 2023 Remuneration Report was published on the company's website.

In 2002, Internal Audit conducted an investigation into the extent to which PGGM has embedded cultural elements that sufficiently contribute to PGGM's desired and achievable objectives. The P&O Committee discussed the results of this research in the presence of the Director of Internal Audit. It was concluded that cultural elements were not sufficiently embedded in PGGM's organisation. As culture is fundamental to the achievement of strategy and objectives, appropriate actions have been formulated to address the findings of Internal Audit as soon as possible.

Due to the tight labour market, some vacancies, especially for specialised positions, have remained open for a longer period of time. Over the past year, PGGM has made progress in the area of recruitment. Developments in the labour market, recruitment and PGGM's labour market proposition have received significant attention within PGGM over the past year and will continue to be a focus of the P&O Committee in 2024.

In December, PGGM reached agreement with the three trade unions FNV, CNV and De Unie on a new collective labour agreement (CAO) for 2024. The Supervisory Board is pleased that this agreement has received broad support for the CAO.

In accordance with the rules governing the Supervisory Board and the P&O Committee, the P&O Committee is responsible for drawing up selection criteria and (re)appointment procedures for members of the Supervisory Board. The M&O Committee advised the Supervisory Board on the appointment of Han Busker (with effect from 1 October 2023). The P&O Committee also gave positive advice on the reappointment of Willem Jan Brinkman, member of the Executive Board and CFRO, as his first term of office expires on 28 November 2023. The Supervisory Board decided to reappoint Willem Jan Brinkman as a member of the Executive Board for a period of four years starting 29 November 2023.

Relationships with stakeholders

In addition to the regular meetings of the Supervisory Board and/or its committees, the Chairman and other members of the Supervisory Board had frequent contacts with the Executive Committee. The members of the Supervisory Board also had numerous contacts with other members of the Executive Committee, the Works Council, employees, management and stakeholders inside and outside PGGM in order to understand what is happening in the various communities, bodies, stakeholders and clients (pension funds) of PGGM.

In order to gain an insight into the mood at PFZW, a meeting is held every six months between the Chairmen of the Supervisory Board, the Management Board, the Supervisory Board of PFZW, the Management Board of PFZW, the Management Office of PFZW and the Cooperative Council. This meeting focuses on joint current affairs, developments and strategy. In addition, a delegation from the Supervisory Board holds a stakeholder meeting with the Board of PFZW twice a year.

Relations with the shareholder

Contacts between the Board and the shareholder, the PGGM cooperative, take place primarily at shareholder meetings. The Board meets with (a delegation from) the shareholder at least twice a year to discuss developments at PGGM. In 2023 the boards of PFZW, PGGM Cooperative and the Supervisory Board met for the so-called ONE-agenda meeting. The theme of the meeting was Participant Trust. The Supervisory Board was fully represented. In the autumn, a delegation from the Supervisory Board attended a meeting of the Members' Council.

Relationship with the works council

Both the Supervisory Board and the Works Council consider it important to maintain good contacts with each other and to ensure that there is sufficient time and space for informal discussions. The involvement and consultation of the supervisory board in dealing with the works council's requests for advice and consent takes place at the request of either the works council or the supervisory board, at least in accordance with the Works Councils Act. The principle is that these requests affect a significant part of the organisation. The annual tripartite meeting between the Works Council, the Supervisory Board and the Executive Committee took place in the spring of 2022. This year's theme was 'The employee of the future'. In addition, a delegation from the Supervisory Board attends the Works Council's annual business meeting.

Relations with the external auditors

The Supervisory Board and the ARC consider the cooperation with the external auditor, PricewaterhouseCoopers Accountants N.V., to be positive. A process-oriented and internal control-focused approach was used for the audit of the 2023 financial statements. The quality of the reports issued is good.

The external auditor attends all ARC meetings and the Supervisory Board meeting at which the annual accounts are discussed. The external auditor's input at these meetings and the sharing of observations are well received.

Relationship with Internal Audit

The ARC, in consultation with the Executive Committee, annually evaluates the functioning of the Internal Audit function and the Head of Internal Audit and advises the Executive Committee on the evaluation of the Head of Internal Audit. The Department's assessment is positive. The relationship between the department, the Director of Internal Audit and the external auditor is good. The Director of Internal Audit attends the ARC meetings. The annual audit plan and audit reports provide the Board with a good insight into the internal control of business activities and processes.

Proposal to the General Meeting of PGGM (PGGM Coöperatie)

In accordance with the provisions of PGGM's Articles of Association and Rules of Procedure, the Supervisory Board has discussed the financial statements and has approved the financial statements of PGGM for the year ended 31 December 2023, including the Report of the Supervisory Board and the Remuneration Report. Following the advice of the ARC, the Supervisory Board decided that its members would also sign the financial statements. The Supervisory Board discussed these documents with the Executive Board, the internal audit department and the external auditors (PricewaterhouseCoopers Accountants N.V.) and noted the unqualified audit opinion of PricewaterhouseCoopers Accountants N.V. on the PGGM 2023 financial statements. The Supervisory Board proposes that the General Meeting adopts PGGM's 2023 financial statements and grants discharge to the members of the Executive Board for the policies pursued in the year under review. The Supervisory Board also proposes that the General Meeting grants discharge to the members of the Supervisory Board for the supervision carried out.

Conclusion

The Supervisory Board would like to thank all PGGM employees for their dedication, commitment and flexibility during the year 2023.

Zeist, 24 April 2024

Marjanne Sint, Chair

Françoise Dings

Henk Broeders, Vice Chairman

Jan van Rutte

Han Busker

Doede Vierstra



3. Financial Statements

3.1 Consolidated financial statements

Consolidated balance sheet as of 31 December 2023

Before profit appropriation
(amounts in thousands of euros)

	Ref	2023	2022
Assets			
Fixed assets			
Intangible fixed assets	3	1,723	2,455
Property, plant and equipment	4	57,304	59,857
Financial fixed assets	5	14,588	17,415
Total fixed assets		73,615	79,727
Current assets			
Receivables	6	46,168	36,517
Securities	7	113,688	110,179
Cash and cash equivalents	8	135,023	134,983
Total current assets		294,879	281,679
Total assets		368,494	361,406
Liabilities			
Equity	9		
Paid and called-up capital		200	200
Share premium reserve		158,712	158,712
Statutory reserve		366	362
Other reserves		100,505	91,492
Undistributed profit		-1,042	9,017
Total equity		258,741	259,783
Provisions			
Provisions	10	25,406	27,066
Total provisions		25,406	27,066
Current liabilities			
Current liabilities	11	84,347	74,557
Total current liabilities		84,347	74,557
Total liabilities		368,494	361,406

Consolidated income statement for 2023

(amounts in thousands of euros)

	Ref	2023	2022
Management fees	13	356,106	338,841
Other operating income	13	2,101	1,520
Total operating income		358,207	340,361
Costs of outsourced work and other external expenses	14	84,121	63,546
Personnel expenses	15	204,703	188,314
Amortisation of intangible fixed assets and depreciation of property, plant and equipment	16	6,094	6,019
Other operating expenses	17	71,452	69,380
Total of operating expenses		366,370	327,259
Operating result		-8,163	13,102
Financial income	18	7,451	9
Financial expenses	18	-	-343
Result before tax		-712	12,768
Taxes	19	-2	-3,492
Result of participating interests	5	-328	-259
Result after tax		-1,042	9,017

Consolidated cash flow statement for 2023

(amounts in thousands of euros)

	Ref	2023	2022
Cash flow from operating activities			
Operating result		-8,163	13,102
Adjustments for:			
Amortisation, depreciation and impairment	3, 4, 16	6,094	6,019
Changes in intangible fixed assets and property, plant and equipment	3, 4	-	-100
Changes in financial fixed assets	5	2,999	1,847
Changes in provisions	10	-1,660	1,507
Changes in receivables	6	-9,651	-4,009
Changes in current liabilities	11	9,788	405
Change in equity	9	-	-
Cash flow from operating activities		-593	18,771
Financial income		7,451	9
Financial expenses		-	-343
Corporate tax paid		-	-
		7,451	-334
Total cash flow from operating activities		6,858	18,437
Cash flow from investment activities			
Investments in and acquisitions of:			
Intangible fixed assets	3	-4	-121
Property, plant and equipment	4	-2,805	-3,298
Participations	5	-500	-400
Total cash flow from investment activities		-3,309	-3,819
Cash flow from financing activities			
Cash flow from financing activities		-	-
Total cash flow from financing activities		-	-
Net cash flow		3,549	14,618
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of period	7, 8	245,162	230,544
Cash and cash equivalents at the end of period	7, 8	248,711	245,162
Change in cash and cash equivalents		3,549	14,618

Notes to the consolidated financial statements for 2023

1. General notes

Information about PGGM N.V.

PGGM N.V. (PGGM) was established on 20 July 2007 and has its registered office and principal place of business at Noordweg Noord 150 in Zeist, the Netherlands. All shares in PGGM are held by PGGM Coöperatie U.A. (PGGM Coöperatie).

In accordance with Article 2 of its Articles of Association, PGGM's objectives are as follows:

- a. to perform or cause performance of (i) the administrative management of prescribed pension entitlements and pensions in payment and (ii) the implementation of prescribed pension entitlements and pensions in payment, both in the broadest sense;
- b. to perform or cause performance of asset management in the broadest sense;
- c. to perform work that focuses on the development, sale or implementation of additional income provisions, insofar as they are not already included in a collective pension scheme, including the related information provision, consultancy and services, all in the broadest sense, for the sector in which work is performed in relation to health, mental and social interests, including services in the form of physical, mental or social care or assistance;
- d. to offer or cause the offering of services, including, but not limited to, services in respect of the collection of premiums, financial administration, board support and substantive advice to social funds that are affiliated with clients of the company;
- e. to participate in, to take an interest in any other way in and to conduct the management of other business enterprises, of whatever nature, to finance other persons and to give security, give guarantees and bind itself in any other manner for debts of other persons and finally to do everything related or possibly conducive to the foregoing, in the broadest sense..

Statement of compliance

The annual financial statements have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code and the Dutch Financial Reporting Guidelines.

Group structure

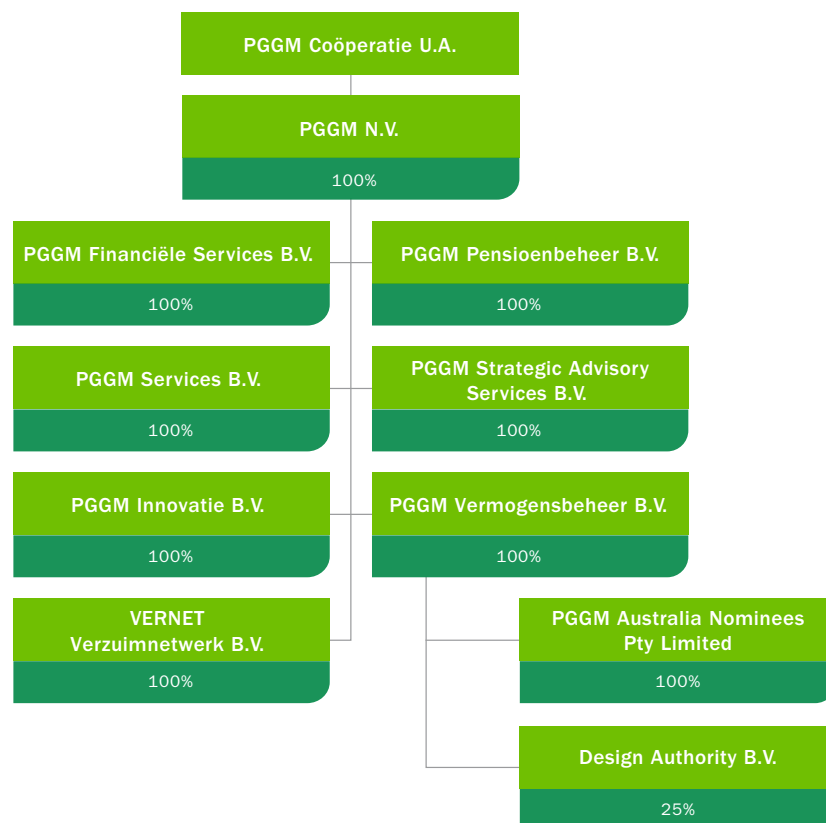
PGGM is a holding company which, through participating interests, has performed activities in the area of board support, policy advice, pension administration, fiduciary advice and asset management since 1 January 2008.

PGGM is a structure regime company and the holder of eight (in)direct subsidiaries and one minority interest, which together with its shareholder, PGGM Coöperatie, forms the PGGM Group. The financial statements of PGGM N.V. are consolidated into the financial statements of PGGM Coöperatie, which is also statutorily domiciled and headquartered in Zeist. The consolidated financial statements of PGGM Coöperatie are made available on the PGGM website.

PGGM Vermogensbeheer B.V. and PGGM Financiële Services B.V. have a licence from the Netherlands Authority for the Financial Markets (AFM). When the legal structure was set up, it was decided that the various licences should be linked to individual companies so as to create maximum clarity regarding the conditions associated with a particular licence and the supervision of these conditions.

The overview below shows the legal structure of PGGM Coöperatie, PGGM and its subsidiaries and associates (PGGM Group) as at 31 December 2023.

Group structure PGGM



PGGM Vermogensbeheer B.V.

The asset management activities are vested in PGGM Vermogensbeheer B.V. (PGGM Vermogensbeheer). We support pension funds from two complementary services: fiduciary management and asset Management

AFM license

PGGM Vermogensbeheer has an AIFM license from the AFM pursuant to Section 2:67 of the Financial Supervision Act (Wft) to act as manager of an investment institution within the meaning of Section 1:1 of the Wft with effect from April 4, 2014. The license is limited to offering the rights of participation to professional investors.

Also, pursuant to Section 2:67a(2) Wft, PGGM Vermogensbeheer is permitted to perform the following activities or provide the following services under the aforementioned AIFM license:

- manage individual capital;
- advising on financial instruments in the course of exercising a profession or business;
- receiving and transmitting orders from clients concerning financial instruments in the course of exercising a profession or business.

PGGM Australia Nominees Pty Limited

PGGM Vermogensbeheer is the sole shareholder of PGGM Australia Nominees Pty Ltd. (PAN). The shares were acquired on 13 May 2009. On that account, the assets and liabilities as well as the result are fully included in the consolidated annual report of PGGM Vermogensbeheer.

Design Authority B.V.

PGGM Vermogensbeheer held a 50 percent interest in Design Authority B.V. from its inception on 2 June 2020. Two participants were subsequently added, giving PGGM Vermogensbeheer a 25 percent equity interest as at 31 December 2021. The participating interest is not consolidated in the financial statements since there is no dominant control.

PGGM Pensioenbeheer B.V.

The pension administration activities are carried out by PGGM Pensioenbeheer B.V. (PGGM Pensioenbeheer). These activities consist of client management and pension administration.

PGGM Strategic Advisory Services B.V.

PGGM Strategic Advisory Services B.V. (PSAS) provides governance support (accountability, reporting and relationship management) and advisory services to institutional clients. These include services in the areas of investment policy, pension policy and fiduciary, financial & actuarial advice.

PGGM Financiële Services B.V.

PGGM Financiële Services B.V. (PGGM Financiële Services) is a financial services provider that offers financial products and services from its collaborative partners to members of PGGM Coöperatie.

AFM license

PGGM Financiële Services has a Wft license from the AFM for advising (article 2:75 Wft) and acting as an intermediary (article 2:80 Wft) in current accounts, consumer credit, electronic money, mortgage credit, income insurance, personal and business non-life insurance, savings accounts, assets and health insurance.

PGGM Innovatie B.V.

PGGM Innovatie B.V. (PGGM Innovatie) focuses on the implementation of projects in the field of innovation within the health and welfare sector. An important product within PGGM Innovatie relates to the Toekomstverkenner. The Toekomstverkenner enables participants and their partners to gather all their personal financial data including other income, mortgages and savings

Vernet Verzuimnetwerk B.V.

PGGM Innovatie is the sole shareholder of Vernet Verzuimnetwerk B.V. (Vernet). Vernet has the object of producing and supplying national absence and financial risk information, offering a network and/or platform for the provision and sharing of knowledge and advice and advising in the areas of absence, absence prevention and sustainable employability.

PGGM Services B.V.

PGGM Services B.V. (PGGM Services) is focused on performing work aimed at offering products and services to employees and former employees who are or have been employed in the health and welfare sector and to their partners, which contribute to strengthening their personal and financial balance and promote mutual contacts among them.

PGGM UFO B.V.

PGGM UFO B.V. has legally merged with PGGM, whereby PGGM UFO B.V. ceased to exist as the disappearing entity and was deregistered from the Trade Register of the Chamber of Commerce as of 27 September 2023. The dissolution has no impact on the consolidated financial statements.

Reporting period

These financial statements cover the 2023 financial year which ended on the balance sheet date of 31 December 2023.

Accounting standards

The consolidated financial statements have been prepared in accordance with the legal requirements of Title 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting issued by the Dutch Accounting Standards Board. References are included in the balance sheet, income statement and cash flow statement. These references refer to the explanatory notes.

Assets and liabilities are generally valued at acquisition or production cost, or at current value. If no specific valuation basis is mentioned, valuation is done at acquisition cost.

Application of Section 402, Book 2 of the Dutch Civil Code

The consolidated annual financial statement include the financial data of PGGM. Therefore, in accordance with Article 402, Book 2 of the Dutch Civil Code, the standalone profit and loss account only states the share in the result of participations after taxes and the other result after taxes.

Continuity

These annual financial statements have been prepared on a going concern basis. Although we are facing higher costs and a negative margin in the coming year, we have sufficient cash and cash equivalents and equity to continue our operations. Our equity exceeds the required level as determined by our policy, providing us with a buffer for potential financial setbacks. Additionally, we have access to a € 150 million credit facility with PFZW. Therefore, we consider the going concern basis to be appropriate.

Related parties

All legal entities over which dominant control, joint control or significant influence can be exercised are deemed to be related parties. Legal entities that can exercise predominant control are deemed to be related parties. Members of the Executive Board under the Articles of Association, other key officers in the management of PGGM or PGGM Coöperatie and those closely allied are also related parties. Significant transactions with related parties are explained to the extent these have not been entered into at arm's length. In such cases, the nature and size of the transactions are explained and other information necessary to provide insight is also given.

PGGM clients

PGGM administers the pension schemes and handles communication with employers and participants for the Stichting Pensioenfonds voor Personeelsdiensten (StiPP), Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (Bpf Schilders) and Pensioenfonds Zorg en Welzijn (PFZW). In 2023, PGGM managed the pension assets of PFZW and invested the collective pension assets of the participants of Bpf Schilders, Smurfit Kappa, and part of the pension assets of Stichting Pensioenfonds voor Huisartsen (SPH), Pensioenfonds Architectenbureaus, and Bpf Particuliere Beveiliging.

As of 1 July 2024, the administration of the pension schemes for Pensioenfonds Metaal en Techniek (PMT) and Bedrijfspensioenfonds Koopvaardij (Bpf Koopvaardij) will be transferred from MN Services N.V. to PGGM. Employees involved in pension administration and IT development from MN's pension operations will join PGGM as of 1 July 2024. Therefore, the impact on the current financial statements is nil.

2. Principles

Accounting principles

Comparison to previous year

The accounting policies for the valuation of assets and liabilities and the determination of the result remain unchanged from the previous year.

Foreign currency

The financial statements are presented in euros, PGGM's functional currency. All financial information in euros is rounded to the nearest thousand. Assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate prevailing on the balance sheet date. This valuation is part of the fair value valuation. Income and expenses relating to transactions in foreign currencies during the reporting period are converted at the exchange rate prevailing on the transaction date. All foreign currency translation differences are recognised in the income statement.

The assets, liabilities, and income and expenses of consolidated participating interests with a functional currency other than the presentation currency are converted at the exchange rate prevailing on the balance sheet date. The resulting translation differences are directly recognised under equity in the legal reserve for translation differences.

Use of estimates

The preparation of the annual financial statements in accordance with Part 9 Book 2 of the Dutch Civil Code requires the Executive Board to make judgements, estimates and assumptions which affect the application of the accounting principles and the reported value of assets and liabilities and of income and expenses. The actual results may differ from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are applied in the period during which the estimate is revised and in the future periods for which the revision has consequences. If insight is required as stated in section 2:362(1) of the Civil Code, the nature of these judgements and estimates including the uncertainties associated with the assumptions will be presented in the explanation on the relevant financial statement items.

Basis of consolidation

The consolidated financial statements comprise the financial data of PGGM, its group companies and other legal entities in which it can exercise dominant control or over which it has central management. Group companies are participating interests in which PGGM has a majority interest or over which a policy determining influence can otherwise be exercised. The assessment of whether policy-making influence can be exercised involves financial instruments which potentially carry voting rights and can be exercised directly. Participating interests acquired for the sole purpose of disposal within the foreseeable future are not consolidated.

Newly acquired participating interests are consolidated from the date on which policy-making influence can be exercised. Divested participating interests are consolidated until the date this influence ceases.

In the consolidated annual financial statements, mutual liabilities, receivables and transactions are eliminated, as are any profits made within the Group. The group companies are integrally consolidated, whereby the third party minority interests are recorded separately.

Valuation principles for group companies and other legal entities included in the consolidation are changed where necessary to obtain consistency with the applicable valuation principles that apply for the consolidation.

The following companies are included in the consolidation:

Companies		
Name	Place of business	Share in subscribed capital
PGGM N.V.	Zeist, Nederland	100%
PGGM AUSTRALIA NOMINEES PTY LIMITED	Sydney, Australië	100%
PGGM Financiële Services B.V.	Zeist, Nederland	100%
PGGM Innovatie B.V.	Zeist, Nederland	100%
PGGM Pensioenbeheer B.V.	Zeist, Nederland	100%
PGGM Strategic Advisory Services B.V.	Zeist, Nederland	100%
PGGM Services BV	Zeist, Nederland	100%
PGGM Vermogensbeheer BV	Zeist, Nederland	100%
VERNET Verzuimnetwerk BV	Amsterdam, Nederland	100%

Accounting principles for the valuation of assets and liabilities

Recognition of an asset or liability

An asset is recognised in the balance sheet when it is probable that the future economic benefits will accrue to PGGM and its value can be reliably established.

A liability is included on the balance sheet if it is probable that its settlement will be associated with an outflow of resources and the amount thereof can be reliably established.

When a transaction causes almost all or all future economic benefits and almost all or all risks related to an asset or liability to be transferred to a third party, then the asset or the liability is no longer recognised on the balance sheet. In addition, assets or liabilities are no longer recognised in the balance sheet from the moment that the conditions of probable future economic benefits and reliability of value measurement are no longer met. Assets and liabilities in general are stated at the acquisition cost or production cost, or at current value. If no specific valuation principle is stated, valuation is on the basis of the acquisition price.

Fair value

Fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments shown in the balance sheet under 'Cash and cash equivalents', 'Current receivables' and 'Current liabilities' is an approximation of their carrying amount.

Intangible fixed assets

Intangible fixed assets are stated at their acquisition cost or production cost less amortisation. Impairments are taken into account; an impairment arises when the carrying amount of an asset (or the cash flow generating entity to which the asset belongs) is greater than the realisable value. Intangible fixed assets are stated at their acquisition cost on initial recognition. To determine of whether an intangible fixed asset is subject to an impairment, reference is made to the section 'Impairment of Fixed Assets'.

Internally developed software

Costs for internally developed software are capitalised to the extent that they relate to projects that are considered commercially and technically feasible. Internally developed software is stated at production cost, less accumulated amortisation and impairment losses. The costs mainly includes the salary cost of the involved personnel.

The capitalised costs are amortised over the expected economic useful life after completion of the development phase (readiness for use). Amortisation is done on a straight-line basis. Research costs and other development costs are expensed in the period in which they are incurred. A statutory reserve is created for the portion of capitalised development costs that has not yet been amortised.

Software

Software is stated at the acquisition cost less cumulative depreciation. These are amortized on a straight-line basis over their estimated economic useful life, taking account of any contract duration.

Goodwill

Goodwill is the positive difference between the acquisition cost and the fair value (initial valuation) of the acquired assets and liabilities at the time of acquisition. Goodwill is amortised on a straight-line basis over its useful economic useful life.

Property, plant and equipment

Buildings and land

Buildings and land are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is calculated as a percentage of the acquisition price using the straight-line method based on the estimated useful economic life, taking into account the residual value of the individual assets. If significant components of buildings can be identified and have different economic useful lives, these components are depreciated separately. Land and sites are not depreciated. Depreciation starts when an asset is available for its intended use and ends when it is decommissioned or disposed of.

Buildings are categorized into shell construction, finishing and installations and building related systems, which are depreciated to their residual values over 40, 25 and 15 years respectively.

Costs for major maintenance and replacement of (parts of) buildings are capitalised at acquisition cost less accumulated depreciation. The costs for regular maintenance and repairs are expensed to the income statement on an annual basis.

Plant and equipment

Plant and equipment are stated at the acquisition cost less cumulative depreciation. These assets are subject to straight-line depreciation over their estimated five to ten-year economic useful life, taking account of any potential contract term. The residual value is zero.

Other operating assets

The other operating assets include furniture and equipment, computer hardware, artworks and other assets. The other operating assets are stated at their acquisition cost less cumulative depreciation. They are depreciated on a straight-line basis over their estimated economic useful life. The residual value is nil. Artworks are not subject to depreciation.

Financial fixed assets

Participating interests in which significant influence is exercised

Participating interests in which significant influence can be exercised over the operational and financial policy are valued using the equity method on the net asset value.

In determining whether there is a participation with significant influence, the entirety of factual circumstances and contractual relationships (including potential voting rights) are taken into account. If PGGM owns more than 20 percent but less than 50 percent of the shares, significant influence is presumed. If PGGM owns more than 50 percent of the shares, controlling influence is presumed.

PGGM's accounting principles are used to determine the net asset value. Results on transactions involving a transfer of assets and liabilities between PGGM's and its participating interests and between participating interests themselves are eliminated to the extent these are deemed to be unrealised.

Participating interests with a negative net asset value are stated at nil. A provision is created when PGGM wholly or partially guarantees the relevant participating interest's debts, or has the constructive obligation (for its share) of enabling the participating interest to pay its debts. This provision is primarily formed against the receivables from the participating interest and for the remainder, under the provisions according to the size of the share in the losses sustained by the participating interest, or for the expected payments by PGGM in respect of this participating interest. The initial valuation of acquired participating interests is based on the fair value of the identifiable assets and liabilities at the acquisition date. For subsequent measurement, the principles applicable to these financial statements are used, with the initial recognition used as the basis.

Participating interests in which there is no significant influence

Participating interests in which no significant influence is exercised are stated at acquisition cost. The declared dividend of the participating interest for the reporting year is recognized as income, with non-cash dividends being valued at fair value. In the event of an impairment, the carrying amount is reduced to the recoverable amount and any impairment loss is recognised in the income statement. If there is a firm intention to dispose, the participating interest is valued at the lower expected sales value.

Deferred taxes

Deferred taxes are recognised for deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred taxes are only recognised to the extent that it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of deferred taxes is based on the tax rates applicable at the end of the reporting year or the rates applicable in future years, to the extent these have already been enacted by law. Losses are fully deductible up to an amount of € 1.0 million and indefinitely thereafter. Profits in excess of € 1.0 million are only 50 percent deductible. Deferred taxes are stated at their nominal value.

Impairments of fixed assets

For fixed assets, an assessment is conducted on every balance sheet date to determine whether there are any indications that these assets may be subject to impairment. If this appears to be the case, the realisable value of the asset is estimated. The realisable value is the higher of the value in use or the net selling price. If it is not possible to estimate the realisable value of an individual asset, the realisable value of the cash-generating unit to which the asset belongs (the asset's cash-generating unit) is determined.

Impairments occur when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the value in use or the net selling price. An impairment loss is directly recognized in the income statement while the carrying amount of the asset concerned is concurrently reduced

The realizable value is initially based on a binding sales agreement; if there is no such agreement, the realizable value is based on the active market, where usually the prevailing bid price is taken as market price. The costs deducted in determining the net realizable value are based on the estimated costs that are directly attributable to the sale and necessary to realize the sale.

Reversal of an impairment recognised previously takes place only in the event of a change in the estimates used to determine the realisable value since the latest impairment loss shown. In that case, the carrying amount of the asset is raised to the estimated realisable value, but no higher than the carrying amount that would have been determined (after depreciation) if no impairment loss had been shown for the asset in earlier years.

Receivables

On initial recognition, receivables are stated at the fair value of the consideration received in return. Accounts receivable are subsequently stated at the amortised cost price after initial recognition. If the receipt of the receivable is deferred on grounds of an agreed extension to a payment term, the fair value is determined with reference to the present value of the expected receipts and interest income based on the effective interest rate is taken to the income statement. Provisions for bad debt are deducted from the book value of the receivable.

Securities

The investments in money market funds are stated at fair value. The net asset value published by the fund manager is used for the fair value. The net asset value is the value that the particular investment fund applies upon entry or exit. After initial recognition, investments in money market funds are stated at fair value, with changes in value recognised directly in the income statement. The investments in money market funds are at the free disposal of the legal entity. Interest received during the year is recognised as income in the income statement.

Transaction costs attributable to securities that, after an initial recognition, are stated at fair value with changes in value recognized through equity are included in the initial valuation. Upon sale of the securities to a third party, the transaction costs are recognized in the income statement. Transaction costs attributable to securities that, after initial recognition, are valued at amortized cost are included in the initial valuation. Securities that are part of the current assets have a maturity of less than a year.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits with a maturity of less than twelve months. Cash and cash equivalents are stated at nominal value.

Equity

Equity is defined as the balance between assets and liabilities. Therefore, equity is a residual item for which no specific valuation rules apply, but its book value is indirectly determined by the valuation of all other balance sheet items.

PGGM maintains paid and called-up capital, reserves, and undistributed profit. The legal reserve is maintained for capitalized costs of internally developed software. The undistributed profit is transferred to the reserves during the annual general meeting of shareholders. The shareholders can also decide to distribute dividends.

Provisions

General

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, where it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount necessary to settle the obligation at the balance sheet date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligations, unless the time value of money is not material. If the time value of money is not material, the provision is stated at nominal value. Provisions are further detailed below.

Restructuring provision

A restructuring provision is recognised when, at the balance sheet date, a detailed restructuring plan has been formalised and, no later than the preparation date of the financial statements, a justified expectation of the plan's implementation has been created among those affected by the restructuring. A justified expectation exists when the execution of the restructuring has commenced or when the main features of the plan have been announced to those affected by the restructuring. The restructuring provision is valued at nominal value at year-end.

Provision for onerous contracts

The provision for onerous contracts pertains to the negative difference between the expected benefits from the performances to be received by PGGM after the balance sheet date and the unavoidable costs of meeting the obligations. The unavoidable costs are the costs that must be incurred to terminate the contract, being the lower of either the costs of fulfilling the obligations or the compensation or the penalties for not fulfilling the obligations.

A provision for onerous contracts is recognised if it is probable that the unavoidable costs of fulfilling the obligations exceed the economic benefits of those contract. The provision for onerous contracts is valued at its nominal value at year-end.

Provision for long-term illness

The provision is an obligation to provide future benefits to employees who are expected to be permanently or partially unable to due to illness or disability as of the balance sheet date. The provision is reassessed annually at the balance sheet date. It is based on the nominal value of the expected wage costs during the first two years of the illness or disability and amounts to 100 percent in the first year and 70 percent in the second year after 31 December 2023.

Provisions for DVI

PGGM has recognized a provision for Deferred Variable Income (DVI). The DVI is intended to reward key employees in the asset management department. This form of remuneration is in addition to the variable remuneration scheme. The provision for DVI is recognised at the present value of the expense expected to be necessary to settle the provision.

Current liabilities

Current liabilities are initially recognised at fair value. After initial recognition, liabilities are measured at amortised cost (equal to the nominal value if there are no transaction costs).

Principles for determination of the result

Determination of the result

The result is determined as the difference between the revenue from delivered performances and the costs and other expenses for the year. Revenues from transaction are recognised in the year in which they are realised.

Management fees

Management fees are the fees from third parties obtained for the execution of activities related to governance support, policy advice, pension administration, fiduciary advice, and asset management. Income from the provision of services is recognised in proportion to the delivered services, based on the services rendered up to the balance sheet date in relation the total services and projects to be performed, net of any discounts and similar deductions and sales tax levied on the revenue.

Other operating income

Other operating income includes results that are not directly related to the delivery of goods or services within the scope of normal, non-incidental business activities. The income is attributed to the reporting period in accordance with the terms of the agreement.

Personnel expenses

Wages, salaries and social security contributions are recognized in the income statement to the extent that they are payable to employees or the tax authorities on the basis of the terms and conditions of employment. For obligations existing at the balance sheet date to continue paying compensation (including severance payments) to employees who are expected to be permanently or partially unable to work due to illness or disability, a provision is made. The recognised obligation represents the best estimate of the amounts necessary to settle the obligation at the balance sheet date. Additions to and releases of obligations are charged or credited to the income statement.

Costs of outsourced work and other external expenses

Costs of outsourced work and other external expenses include all other external costs directly related to work performed by third parties. These costs are allocated to the period to which they relate.

Depreciation of (in)tangible fixed assets

Tangible and intangible assets are depreciated from the date they are put in use over their estimated economic useful lives. If there is a change in the estimated economic useful life, future depreciation is adjusted accordingly. Gains and losses on the disposal of intangible and tangible assets are included in the depreciation.

Other operating expenses

Other operating expenses are determined on a historical basis and allocated to the reporting year to which they relate.

Financial income and expenses

PGGM and its subsidiaries recognize financial income and expenses related to cash and cash equivalents due to PGGM's interest compensation system. Financial income and expenses are assessed per credit institution in the financial statements, and the net position is presented as either financial income or expense. Exchange rate differences arising on the settlement or translation of monetary items are recognised in the income statement in the period in which they occur.

Share in the result of participating interests

The share in the result of participating interests consists of the Group's share in the results of these participating interests, determined on the basis of the Group's accounting policies. The result of participations is determined based on the change in the net asset value, including any impairments of participations. Results from transactions involving a transfer of assets and liabilities between the Group and the non-consolidated participating interests, and between non-consolidated participating interests themselves, are not recognized to the extent that they are considered unrealised. The results of participating interests acquired or disposed of during the financial year are included in the Group's results from the moment of acquisition until the moment of disposal, respectively.

Pension scheme

The pension scheme for PGGM employees is incorporated into the PFZW industry-wide pension fund. The retirement pension is a defined benefit plan on the basis of the (conditionally) indexed average salary. The indexation of the pension rights depends on the financial position of the pension fund.

The coverage at the end of 2023 is 112.0 percent (2022: 111.6 percent). On 1 January 2023, the PFZW will increase pensions by 6 percent and on 1 January 2024 by 4.8 percent. Pensions can only be fully indexed to prices when the coverage is around 125 percent.

The pension premium payable by PGGM to the pension fund is recognised as an expense in the income statement and, to the extent that the pension premium payable to the pension fund has not yet been paid, it is recognised as a liability in the balance sheet.

PGGM has no obligation to make additional contributions in the event of a shortfall at the pension fund, other than to pay higher future contributions. The principle is that the pension expense to be recognised in the reporting period is equal to the pension contributions due to the pension fund in that period. To the extent that the contributions due have not been paid at the balance sheet date, a liability is recognised. If the contributions already paid at the balance sheet date exceeds the contributions due, a prepaid asset is recognised to the extent that a refund from fund or offset against future contributions due will occur.

Leasing

PGGM and its subsidiaries may enter into financial and operating lease contracts. A lease agreement in which the risk and rewards associated with ownership of the leased asset are transferred substantially or entirely to the lessee are classified as financial leases. All other lease agreements are classified as operational leases. The classification of a lease is determined by the economic substance of the transaction rather than its legal form. Lease payments are recognized on a straight-line basis in the income statement over the term of the contract, taking into account the reimbursements received from the lessor.

Taxes

Income tax is calculated on the result before tax in the consolidated income statement, taking into account the available, tax-deductible losses from the previous years (insofar as these are not included in the deferred taxes) and tax-exempt profit components, and after adding non-deductible costs. Changes in deferred taxes and liabilities due to the changes in the applicable tax rate are also taken into account.

Within the PGGM Group, corporate income tax is calculated on the taxable result for each entity. PGGM Coöperatie settles with the tax authorities.

Principles for the cash flow statement

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currencies are translated to euros using the average exchange rates for the respective periods. Income and expenses arising from interest, dividends received and tax on profits are included in the cash flow from operating activities. Dividends paid are included under the cash flow from financing activities. The acquisition cost of the acquired group company is included under the cash flow from investment activities, to the extent that the payment was made in cash. The cash and cash equivalents present in the acquired group company are deducted from the purchase price.

3. Intangible fixed assets

	<i>Internally developed software</i>	<i>Software</i>	<i>Goodwill</i>	<i>Total</i>
Balance as at 1 January 2023				
Acquisition cost or production cost	36,301	11,386	1,502	49,189
Accumulated amortisation and impairment	-35,944	-10,341	-449	-46,734
Carrying amount as at 1 January 2023	357	1,045	1,053	2,455
Movements				
Investments	4	-	-	4
Disinvestments	-	-768	-	-768
Impairments	-	-	-	-
Amortisation of disinvestments	-	768	-	768
Amortisation	-	-586	-150	-736
Balance	4	-586	-150	-732
Balance as at 31 December 2023				
Acquisition cost or production cost	36,305	10,618	1,502	48,425
Accumulated amortisation and impairment	-35,944	-10,159	-599	-46,702
Carrying amount as at 31 December 2023	361	459	903	1,723

Amortisation terms

Goodwill: 10 years

Software: 5 years

Internally developed software

Internally developed software consists mainly of the back office system for pension and investment administration. In 2023, limited investments were made in the development and implementation of a data warehouse for Vernet's clients. An equivalent amount has been recognised in equity as a legal reserve.

Goodwill

Goodwill arose following the acquisition of Vernet in 2020 and concerns the positive difference between the acquisition cost and the acquired assets and liabilities. Capitalised goodwill is subject to straight-line amortisation on the basis of the useful economic useful life of the asset.

4. Property, plant and equipment

	<i>Buildings and land</i>	<i>Plant and equipment</i>	<i>Other operating assets</i>	<i>Total</i>
Balance as at 1 January 2023				
Acquisition cost or production cost	56,062	3,729	30,103	89,894
Accumulated depreciation and impairment	-3,010	-3,326	-23,701	-30,037
Carrying amount as at 1 January 2023	53,052	403	6,402	59,857
Movements				
Investments	2,075	-	730	2,805
Disinvestments	-58	-109	-3,673	-3,840
Impairments	-	-	-	-
Depreciation of disinvestments	13	109	3,620	3,742
Depreciation	-3,066	-53	-2,141	-5,260
Balance	-1,036	-53	-1,464	-2,553
Balance as at 31 December 2023				
Acquisition cost or product cost	58,079	3,620	27,160	88,859
Accumulated depreciation and impairments	-6,063	-3,270	-22,222	-31,555
Carrying amount as at 31 December 2023	52,016	350	4,938	57,304

Depreciation terms

Land and sites:	no depreciation applicable
Buildings – shell construction:	40 years
Buildings – finishing and installations:	25 years
Buildings – building-related systems:	15 years
Plant and equipment:	5-10 years
Other operating assets:	5-10 years

Buildings and land

At the end of 2023, the Executive Committee has announced its intention to relocate PGGM to a new, yet-to-be-determined site close to a convenient public transport hub. The aim of the relocation is to create an attractive workplace for current and future employees, easily accessible by public transport and meeting all the sustainability requirements we have set ourselves.

PGGM values its buildings and land at historical cost less accumulated depreciation and any impairment in value. The intention to relocate depends on various external factors (such as market demand and supply for sale, finding new premises and changes in zoning plans) that influence the actual implementation of the intention to relocate. Until the relocation plan is finalised, PGGM will continue to use the property for its own operations and the expected useful life of the property remains unchanged.

If, in the future, an impairment occurs, for example because the dependence on external factors has been removed and the property is no longer being used sustainably for its own operations, management will assess whether an impairment has actually occurred.

To determine the impact, PGGM has valued the buildings and land at the end of 2023, taking into account a future relocation of the company's operations. This recoverable amount is significantly lower than the carrying amount and is strongly influenced by market demand and potential changes in the use of the buildings and land.

PGGM is the economic owner of the land and buildings, PGGM Coöperatie is the legal owner.

Other operating assets

In 2023, a clean-up action of the asset administration took place, during which assets that had been in use for more than 10 years were divested.

5. Financial fixed assets

	<i>Participating interests</i>	<i>Deferred taxes</i>	<i>Total</i>
Balance as at 1 January 2023	775	16,640	17,415
Movements			
Investments	500	-	500
Disinvestments	-	-	-
Result of participating interests	-328	-	-328
Valuation differences	-	-2,999	-2,999
Balance as at 31 december 2023	947	13,641	14.588

Participating interests

PGGM Vermogensbeheer held a 50 percent interest in Design Authority B.V. since its inception on 2 June 2020. As at 31 December 2021, two additional participants joined, reducing PGGM Vermogensbeheer's interest to 25 percent. This participation is not consolidated in these financial statements as it represents significant influence but not control by PGGM. In 2023, a capital contribution of € 0.5 million (2022: € 0.4 million) was made in Design Authority BV. The participating interest produced a negative result of € 0.3 million in 2023 (2022: negative € 0.3 million).

Deferred taxes

Deferred taxes mainly relate to temporary tax and commercial valuation differences that apply to the building as well as to the processing of goodwill. Of these deferred taxes, an amount of € 2.9 million (2022: € 2.7 million) is expected to be settled within one year.

6. Receivables

	31 December 2023	31 December 2022
Accounts receivable	1,167	7,171
Receivables from group companies	85	1,098
Amounts to be invoiced	29,876	17,348
Prepayments and accrued assets	15,040	10,900
Total	46,168	36,517

The current value of receivables approximates their carrying amount due to their short-term nature.

Accounts receivable

The accounts receivable primarily consist of current receivables. An amount of € 0.3 million (2022: € 1.1 million) relates to the settlement of the Deferred Performance Interest (DPI) scheme and consists of a receivable from PGGM's private equity funds, with a maturity of less than one year.

Amounts to be invoiced

Amounts to be invoiced relate to amounts yet to be charged to investment funds and institutional clients. The increase is mainly due to agreements with new clients. All amounts to be invoiced have a maturity of less than one year.

Prepayments and accrued assets

The prepayments and accrued assets mainly consist of prepayments to suppliers. These assets have a remaining maturity of less than one year.

7. Securities

PGGM has invested a portion of its cash and cash equivalents in money market funds managed by BlackRock and Goldman Sachs. By investing in money market funds, the counterparty bank risk is diversified. In 2023, € 113.7 million (2022: € 110.2 million) was invested in money market funds in accordance with the policy. Investments in money market funds are freely tradable on a daily basis. All funds from these investments are freely available.

8. Cash and cash equivalents

Cash relates to credit balances which are held in Dutch credit institutions. The company's own cash and cash equivalents form part of the balance and interest set-off system within PGGM. As a result of participation in the interest set-off system, the company is jointly and severally liable for all obligations arising from this. Of the cash and cash equivalents, the entire amount is at free disposal at the end of 2023.

9. Equity

The equity is further explained in the notes to the balance sheet of the company financial statements. The movement in the Group equity and insight into the overall result (Group result and direct changes) is as follows:

	2023	2022
Balance as at 1 January	259,783	250,766
Group result after tax	-1,042	9,017
Income and expenses recognized directly in equity	-	-
Total result of the income and expenses recognized directly in equity	-	-
Total result of the legal entity	-1,042	9,017
Dividend payment	-	-
Total direct changes in the equity on account of relations with shareholders	-	-
Balance as at 31 December	258,741	259,783

10. Provisions

	<i>Restructuring</i>	<i>Onerous contract</i>	<i>DVI</i>	<i>Other provisions</i>	<i>Total</i>
Balance as at 1 January 2023	2,004	389	20,916	3,757	27,066
Movements					
Allocation	845	-	5,879	500	7,224
Withdrawal	-750	-389	-1,023	-2,075	-4,237
Release	-1,407	-	-2,815	-425	-4,647
Balance as at December 2023	692	-	22,957	1,757	25,406

An amount of € 21.7 million from the provisions is classified as longer than one year (2022: € 20.7 million) and € 3.8 million has a term of more than 5 years (2022: € 3.7 million).

Restructuring provision

The provision formed in 2020 for restructuring within PGGM Pensioenbeheer amounts to zero at the end of 2023 (2022: € 1.3 million). The decrease of € 1.3 million compared to 2022 is the result of a withdrawal from the provision of € 0.1 million due to payments and a release of the provision amounting to € 1.2 million due to revised insights into the multi-year staffing forecast within PGGM Pensioenbeheer.

The remaining amount of € 0.7 million for the restructuring provision relates to individual projects (2022: € 0.7 million). In 2023, € 0.7 million was withdrawn from the provision due to salary payments and severance payments, € 0.8 million was allocated, and € 0.2 million was released.

Provision for onerous contracts

In 2022, a provision was established for the unavoidable costs of the loss-making contract for the workplace environment managed by KPN per user. The unavoidable costs are based on the remaining maturity of the contract at the time the transition to a SAAS application has already been made. At the end of 2023, the contract expired, and the provision is nil (2022: € 0.4 million).

Provisions for DVI

PGGM has established a provision for Deferred Variable Income (DVI) to reward key employees. This form of remuneration is in addition to the variable remuneration scheme. The main estimates for DVI relate to the average payout percentage of the targets and the estimation of the discount rate (only for DVI-GAF), taking into account the probability of employees leaving the company. The provision for DVI is measured at present value, resulting in a release of € 1.5 million in 2023.

Other provisions

In 2021, PGGM Vermogensbeheer transitioned from a multiclient strategy to a single-client strategy. To account for the costs associated with this strategic change, clients are compensated. In 2023, € 2.1 million in costs were incurred, € 0.4 million was released, and the remaining balance is € 0.4 million. The provision is measured at nominal value.

In 2022, a provision of € 0.8 million was formed for employee benefits resulting from collective labour agreement negotiations. The collective labour agreement for 2022-2023 includes a provision whereby the future collective labour agreement increase on the indexed allowance is bought out through a one-time payment to employees on 1 January 2024.

Finally, a provision of € 0.5 million was established for long-term sick employees. The provision represents an existing obligation at of the balance sheet date to provide benefits to employees who are expected to be permanently or partially unable to perform their duties due to illness or disability.

11. Current liabilities

	31 December 2023	31 December 2022
Fees from institutional clients received in advance	35,133	31,763
Creditors	3,685	4,250
Taxes and social security contributions	13,885	13,010
Amounts owed to group companies	664	391
Accruals and deferred income	30,980	25,143
Total	84,347	74,557

The fair value of current liabilities approximates their carrying amount due to the short-term nature of these liabilities.

Fees from institutional clients received in advance

The amounts received in advance mainly relate to the fee received in advance from PFZW for services in 2024.

Taxes and social security contributions

Taxes and social security contributions relate to payroll taxes and social security costs payable. The amount increased due to outstanding pension premiums. All taxes and social security contributions have a duration of less than 1 year.

Accruals and deferred income

The accruals and deferred income primarily consists of amounts payable of € 7.0 million (2022: € 5.1 million), reservation of holiday entitlements of € 7.8 million (2022: € 5.3 million), reservation of variable remuneration to personnel of € 7.6 million (2022: € 7.0 million) and other accrued liabilities of € 8.6 million (2022: € 7.7 million).

12. Off-balance sheet assets and liabilities

Property sale

In 2008, as part of the acquisition of the execution organisation by PGGM, PFZW made a capital contribution of € 160 million to PGGM Coöperatie. This capital contribution is subject to the condition that PFZW is entitled to the actual proceeds from the sale of the property at Noordweg-Noord 150 in Zeist, up to a maximum of € 145 million. PFZW will receive this amount from PGGM Coöperatie. Any sale will be carried out by PGGM. At the time of sale, PGGM Coöperatie will be entitled to receive proceeds from PGGM equal to the sale proceeds.

Claims

At the end of 2023, PGGM has no outstanding claims.

Credit facility PFZW

PGGM has a credit facility with Stichting Pensioenfonds Zorg en Welzijn (PFZW). PGGM pays interest equal to the EURIBOR rate with a 50 basis point mark-up for any withdrawals from this credit facility. The maximum of the total credit facility is set at € 150 million. The credit facility was made available from 1 January 2008 for an indefinite period. No repayment arrangement has been agreed. PGGM made no use of the credit facility with PFZW in 2023.

Balance and interest set-off system

Together with its subsidiaries and its sole shareholder PGGM Coöperatie, PGGM makes use of the balance and interest set-off system at one of the Dutch credit institutions.

Liability of a tax entity

Together with its subsidiaries and single shareholder, PGGM Coöperatie, PGGM forms a tax entity for corporate income tax purposes and, for that reason, is jointly and severally liable for all the ensuing liabilities. In addition, PGGM and its subsidiaries, together with PGGM Coöperatie U.A. and PFZW, forms part of a tax entity for VAT purposes, as a result of which it is jointly and severally liable for any VAT liabilities of the entities belonging to the tax entity.

Operational lease liabilities

The operational lease liabilities relate to lease cars provided to personnel. The liability runs until 2028. The total liability as at 31 December 2023 amounted to € 3.3 million (2022: € 3.2 million). An amount of € 1.3 million (2022: € 1.3 million) expires within a year. There are no commitments longer than 5 years.

Buildings liability

The total liability as at 31 December 2023 amounted to € 7.1 million (2022: € 5.1 million). The liability runs until 2026. An amount of € 3.7 million (2022: € 2.9 million)) expires within a year. There are no commitments longer than 5 years.

Hardware and software liability

The total liability as at 31 December 2023 amounted to € 72.1 million (2022: € 54.8 million). The liability runs until 2029. An amount of € 42.4 million (2022: € 36.8 million) expires within a year. There are no commitments longer than 5 years.

Issued guarantee Design Authority

PGGM has a (minority) interest in Design Authority B.V. and, if income lags behind, is legally obliged to finance its pro rata share in the costs of Design Authority B.V. in order to cover these costs for a financial year. These costs are accounted for by PGGM in the financial year to which these costs relate. In 2023, the capital contribution to Design Authority B.V. amounted to € 0.5 million (2022 € 0.4 million).

Notice of liability (Article 2:403 of the Dutch Civil Code)

In the financial year 2023, six PGGM subsidiaries apply the Group regime pursuant to Article 2:403 of the Dutch Civil Code (BW).

In this context, PGGM has issued and deposited a so-called 403 statement for each of these entities, in accordance with legal requirements, in which PGGM declares itself jointly and severally liable for the debts arising from the legal acts of the subsidiary. The following subsidiaries are included: PGGM Pensioenbeheer, PSAS, PGGM Financiële Services, PGGM Services, PGGM Innovatie, Vernet. The financial data of these entities is consolidated by PGGM in these consolidated financial statements together with PGGM Vermogensbeheer.

13. Management fees and other operating income

Management fees

	2023	2022
Management fees for asset management	179,876	175,875
Management fees for pension administration	117,846	113,195
Management fees for policy advice and board support	58,384	49,771
Total	356,106	338,841

Management fees are indexed annually according to agreements with the clients.

Management fees for asset management

The fees for asset management relate to the asset management activities for PFZW. They also include compensation for carrying out investment activities for other funds.

Management fees for pension administration

The fees for pension administration concern administration and management services for pension funds.

Management fees for policy advice and board support

The fees for policy advice and board support concern the advisory services and board support activities provided to institutional clients. This includes the advisory services in relation to investment policy and fiduciary advice.

Other operating income

	2023	2022
Income from members	960	402
Other operating income	1,141	1,118
Total	2,101	1,520

Income from members

Income from members includes fees for marketing and communication services related to financial products offered by partners, such as mortgages and health insurance. Revenues also includes payments for organising paid activities for members of PGGM Coöperatie and income from advertising and promotional offers.

Other operating income

Other operating income are related to the activities of Vernet. Through a subscription model, Vernet provides healthcare employers with insight into their absenteeism and benchmark data for the industry.

14. Costs of outsourced work and other external expenses

	2023	2022
External personnel	83,770	62,922
Consulting costs	351	624
Total	84,121	63,546

External personnel

The increase is due to higher external hiring, driven by major IT projects at PGGM, as well as increased rates.

15. Personnel expenses

	2023	2022
Salaries	151,626	140,210
Social security contributions	16,589	14,779
Pension charges	19,425	17,919
Other personnel expenses	17,063	15,406
Totaal	204,703	188,314

Personnel expenses increased due to an increase in the number of employees, a 2.75 percent increase in the collective labour agreement effective from 1 July 2023 and the impact of regular salary increases.

The average number of FTEs for 2023 was 1,509 (2022: 1,473). Of these, no employees were employed outside the Netherlands in 2023 (2022: 0).

Remuneration of Executive and Supervisory Board members

The total remuneration of the members of the Executive Board is as follows:

2023	<i>Periodically paid remuneration</i>	<i>Remuneration payable in the future</i>	<i>Total</i>
E. Velzel	560	23	584
W.J. Brinkman	503	23	526
Total	1,063	46	1,109

2022	<i>Periodically paid remuneration</i>	<i>Remuneration payable in the future</i>	<i>Total</i>
E. Velzel	544	21	565
W.J. Brinkman	491	21	512
Total	1,035	42	1,077

The periodically paid remuneration is the sum of the gross salary, social security costs and holiday allowance.

Pension charges are shown in 'Remuneration payable in the future'. The remuneration of board members is stated in accordance with Article 2:383c of the Dutch Civil Code. For a more detailed explanation of the remuneration of the members of the Executive Board, see the Directors' Report.

The table below shows the remuneration of the members of the Supervisory Board in euros. In addition, they receive a fixed travel allowance based on the distance travelled.

	2023	2022
Chair of the Supervisory Board	39,061	38,016
Member of the Supervisory Board	31,857	31,005

Financial instruments

The remuneration of the members of the Executive Board is paid in cash. It is not paid in shares or other instruments.

Annual adjustment of remuneration

The remuneration of the Executive Board and the Supervisory Board is adjusted annually by the same percentage and at the same time as specified in the collective labour agreement for employees covered by the PGGM general salary scale. Therefore, the remuneration has been increased by 2.75 percent with effect from 1 July 2023.

No loans, advances or guarantees have been granted to members of the Executive Board or the Supervisory Board.

16. Amortisation of intangible fixed assets and depreciation of property, plant and equipment

	2023	2022
Amortisation of intangible fixed assets	736	885
Depreciation of property, plant and equipment	5,358	5,134
Total	6,094	6,019

17. Other operating expenses

	2023	2022
Accommodation expenses	6,741	5,544
IT expenses	52,315	47,962
Marketing expenses	264	342
Printing and postage costs	4,126	4,291
Audit and regulatory fees	3,612	3,193
Other expenses	4,394	8,048
Total	71,452	69,380

IT expenses

The increase is mainly due to subscription fees from data providers and maintenance costs of IT applications. All IT-related costs are included in IT expenses.

Other expenses

The higher costs in 2022 are due to a provision made in 2022 for other provisions. This related to transition and dismantling costs of the mutual funds.

18. Financial income and expenses

	2023	2022
Interest income	7,438	-
Interest charges	-	-220
Exchange rate differences	-	-123
Other financial income/expenses	13	9
Total	7,451	-334

Interest income

The increase in interest income is due to interest on cash and positive returns on investments, an improvement compared to the negative returns on investments in the previous year.

19. Taxes

	2023	2022
Current tax	266	1,645
Change in deferred taxes	-264	1,847
Total	2	3,492
Nominal tax rate	25.80%	25.80%
Non-taxable income and expenses	-26.08%	1.55%
Effective tax rate	-0.28%	27.35%

The effective tax rate of -0.28 percent is calculated by dividing the current tax and changes in deferred taxes by the profit before tax. The effective tax rate deviates by -26.08 percent from the applicable tax rate of 25.80 percent due to non-taxable income and expenses.

20. Transactions with related parties

Transactions with related parties are said to exist when there is a relationship between the company, its participating interests and their board members and management. There were no transactions with related parties which were not conducted at arm's length. With regard to the remuneration of directors, please refer to the notes on personnel expenses.

21. Auditors' fees

	2023	2022
Audit of the financial statements	200	221
Other assurance activities	2,290	1,846
Other non-audit services	10	-
Total	2,500	2,067

The above fees pertain to the fees charged by the entire network to which the audit firm, as referred to in Article 1, paragraph 1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties), belongs. These fees relate to the audit of the financial statements for the financial year 2023, irrespective of whether the work was performed during the financial year. The audit fees are accounted for under note 17 'Other operating expenses'.

The fees related to the audit of the financial statements pertain solely to the work performed at PGGM and the companies included in the consolidation. Other audit services include audit-related work for clients reports as well as work for ISAE 3402 reports. No tax advisory services have been performed by the entire network to which the audit firm belongs.

22. Subsequent events

There have been no events subsequent to the balance sheet date that have an impact on the Group's financial position at 31 December 2023 that need to be reflected in the financial statements.

23. Risk management

PGGM risk framework

For the implementation of risk management, PGGM uses the PGGM Risk Framework to structurally provide an insight into, monitor and report on risks. PGGM's Risk Framework is based on the COSO Enterprise Risk Management methodology accepted internationally as standard. Application of the PGGM Risk Framework ensures that the risks are managed in a uniform manner, as efficiently and effectively as possible. Risk management at PGGM is organised in accordance with the generally accepted 'three lines of defence' model. Responsibility and primary risk management rest with line management (first line). Risk & Compliance monitors and reports on the risks (second line) and Internal Audit (third line) tests whether the management verifiably complies with the different requirements set.

Within risk management, a distinction is made between the risks run by our institutional clients directly in terms of their own investments and the risks faced by the organisation. PGGM recognises the following risks: solvency, market, currency, interest rate, credit, liquidity and concentration risks.

Solvency risk

PGGM has opted to use the method whereby the capital adequacy is calculated on the basis of the difference between the equity of the guideline group and the sum of the solvency requirements of the group divisions. On this basis, PGGM complies with the statutory requirements.

The regulatory authorities also have imposed a solvency requirement on PGGM Vermogensbeheer. The existing and required solvency positions at group level are as follows:

Solvency	2023	2022
Total equity	258,741	259,783
Statutory requirement	58,208	64,684
Surplus	200,533	195,099

Market risk

Market risk is the price risk of a fall in the value of investments due to a change in market factors. In 2023 € 113.7 million (2022: € 110.2 million) is invested in money market funds. These investments are disclosed in the financial statements under the note securities. Money market funds are highly liquid.

Currency risk

The currency risk is the risk that the value of an investment and/or value of a participating interest abroad will decline as a result of changes in exchange rates. Since PGGM does not hold any foreign investments and the participating interest outside the Netherlands is of a very limited size, the currency risk is limited.

Interest rate risk

Interest rate risk is the risk that the balance of the value of bonds and/or loans changes as a result of changes in market rates. This may result in higher interest charges. Since PGGM Group has no bonds or equities, the interest rate risk is negligible.

Credit risk

The credit risk is defined as the risk that counterparties will be unable to fulfil their contractual obligations. This concerns other participating interests, loans, receivables, including accounts receivable and cash. In respect of the accounts receivable risk, this primarily relates to the management fees due, which is stipulated in the Service Level Agreements (SLA) that PGGM has established with its clients. Since PGGM's clients are Dutch pension funds, the risk as a consequence of insolvency is low.

PGGM has a policy concerning the retention of cash. PGGM continuously assesses this policy and has classified this credit risk as minor.

Liquidity risk

Liquidity risk (including the cash flow risk) is the risk that the volume and the timing of cash flows within approximately one year are not adequately matched, whereby a shortfall of liquid assets cannot be easily compensated. PGGM has a credit facility of € 150 million with PFZW, which is more than sufficient to manage this risk.

Concentration risk

Concentration risk exists if an organization is dependent on one customer for the continuity of its business. PGGM is exposed to concentration risk due to the relative importance of its largest client. This risk is mitigated by continuously engaging in dialogue with the largest client to shape the strategic partnership and by conducting active stakeholder management.

3.2 Company financial statements for 2023

Company balance sheet as at 31 December 2023

Before profit appropriation

(amounts in thousands of euros)

	Ref	2023	2022
Assets			
Fixed assets			
Intangible fixed assets	24	147	431
Property, plant and equipment	25	57,282	59,826
Financial fixed assets	26	151,538	148,134
Total fixed assets		208,967	208,391
Current assets			
Receivables	27	11,439	7,250
Securities	28	72,979	110,179
Cash and cash equivalents	29	55,768	54,459
Total current assets		140,186	171,888
Total assets		349,153	380,279
Liabilities			
Equity			
Paid and called-up capital	30	200	200
Share premium reserve		158,712	158,712
Statutory reserve		366	362
Other reserves		100,505	91,492
Undistributed profit		-1,042	9,017
Total equity		258,741	259,783
Provisions			
Provisions	31	24,976	24,143
Total provisions		24,976	24,143
Current liabilities			
Current liabilities	32	65,436	96,353
Total current liabilities		65,436	96,353
Total liabilities		349,153	380,279

Company income statement for 2023

(amounts in thousands of euros)

	Ref	2023	2022
Result of participating interests	26	-3,222	9,493
Other income	34	2,180	-476
Result after tax		-1,042	9,017

Notes to the company financial statement 2023

General notes

The company financial statements have been prepared in accordance with the financial reporting requirements of Title 9, Book 2 of the Dutch Civil Code and distinct pronouncements from the financial reporting guidelines published by the Dutch Accounting Standards Board. The principles of valuations and determinations of results for the company financial statements and the consolidated financial statements are the same. Participating interests in group companies are valued according to the net asset value in accordance with the relevant section of the consolidated financial statements. For the principles of valuation of assets and liabilities and for the determination of the result, please refer to the explanation included with the consolidated balance sheet and the income statement (note 2).

24. Intangible fixed assets

Software

Balance as at 1 January 2023

Acquisition cost or production cost	5,589
Accumulated amortisation and impairments	-5,158

Carrying amount as at 1 January 2023

431

Movements

Investments	-
Disinvestments	-594
Impairments	-
Amortisation of disinvestments	594
Amortisation	-284

Balance

-284

Balance as at 31 December 2023

Acquisition cost or production cost	4,995
Accumulated amortisation and impairments	-4,848

Carrying amount as at 31 December 2023

147

Amortisation terms

Software: 5 years

25. Property, plant and equipment

	<i>Buildings and land</i>	<i>Plant and equipment</i>	<i>Other operating assets</i>	<i>Total</i>
Balance as at 1 January 2023				
Acquisition cost or production cost	56,062	3,729	29,887	89,678
Accumulated depreciation and impairments	-3,010	-3,326	-23,516	-29,852
Carrying amount as at 1 January 2023	53,052	403	6,371	59,826
Movements				
Investments	2,075	-	730	2,805
Disinvestments	-58	-109	-3,551	-3,718
Impairments	-	-	-	-
Depreciation of disinvestments	13	109	3,498	3,620
Depreciation	-3,066	-53	-2,132	-5,251
Balance	-1,036	-53	-1,455	-2,544
Balance as at 31 December 2023				
Acquisition cost or production cost	58,079	3,620	27,066	88,765
Accumulated depreciation and impairments	-6,063	-3,270	-22,150	-31,483
Carrying amount as at 31 December 2023	52,016	350	4,916	57,282

Depreciation terms

Land and sites:	no depreciation applicable
Buildings – shell construction:	40 years
Buildings – finishing and installations:	25 years
Buildings – building-related systems:	15 years
Plant and equipment:	5-10 years
Other operating assets:	5-10 years

PGGM is the economic owner of the land and buildings, PGGM Coöperatie is the legal owner.

26. Financial fixed assets

	<i>Participating interests</i>	<i>Deferred taxes</i>	<i>Total</i>
Balance as at 1 January 2023	132,248	15,886	148,134
Dividend distribution	-8,000	-	-8,000
Share premium payments	17,000	-	17,000
Result of participating interests	-3,222	-	-3,222
Legal merger	-18	-	-18
Valuation differences	-	-2,356	-2,356
Balance as at 31 December 2023	138,008	13,530	151,538

Participating interests

The balance relates to the following participating interests:

Companies		
Name	Place of business	Share in subscribed capital
PGGM N.V.	Zeist, Nederland	100%
PGGM AUSTRALIA NOMINEES PTY LIMITED	Sydney, Australië	100%
PGGM Financiële Services B.V.	Zeist, Nederland	100%
PGGM Innovatie B.V.	Zeist, Nederland	100%
PGGM Pensioenbeheer B.V.	Zeist, Nederland	100%
PGGM Strategic Advisory Services B.V.	Zeist, Nederland	100%
PGGM Services B.V.	Zeist, Nederland	100%
PGGM Vermogensbeheer B.V.	Zeist, Nederland	100%
VERNET Verzuimnetwerk B.V.	Amsterdam, Nederland	100%

In 2023, PGGM made a share premium payment of € 15 million to PGGM Pensioenbeheer B.V. and a share premium payment of € 2 million to PGGM Services B.V., as part of PGGM's equity policy. In addition, PGGM Vermogensbeheer B.V. paid a dividend of € 8 million to PGGM.

PGGM UFO B.V. has legally merged with PGGM, with PGGM UFO B.V. ceasing to exist as a disappearing company and it was deregistered at the Chamber of Commerce on 27 September 2023.

Deferred taxes

The deferred taxes mainly relate to temporary differences in the tax valuation and commercial valuation that apply to the building as well as to the accounting of goodwill.

27. Receivables

	31 December 2023	31 December 2022
Accounts receivable	408	1,070
Receivables from group companies	5,208	1,027
Amounts to be invoiced	725	399
Prepayments and accrued assets	5,098	4,754
Total	11,439	7,250

The fair value of the receivables approximates the carrying amount due to the short-term nature of the receivables.

Receivables from group companies

	31 December 2023	31 December 2022
PGGM Strategic Advisory Services B,V,	1,268	-
PGGM Vermogensbeheer B,V,	808	470
PGGM Pensioenbeheer B,V,	2,628	-
PGGM Innovatie B,V,	250	-
PGGM Financiële Services B,V,	133	-
VERNET Verzuimnetwerk B,V,	110	140
PGGM Services B,V,	11	178
PGGM Coöperatie U,A,	-	239
Total	5,208	1,027

Accounts receivable

Accounts receivable relate to regular receivables and have a remaining maturity of less than one year.

Receivables from group companies

Receivables from group companies have a remaining maturity of less than a year. No interest is charged on the receivables from group companies.

Prepayments and accrued assets

The prepayments and accrued assets mainly consist of prepayments to suppliers. These assets have a remaining maturity of less than one year.

28. Securities

PGGM has invested a portion of its cash in money market funds managed by BlackRock and Goldman Sachs. By investing in money market funds, diversification of counterparty risk is achieved. In 2023, in accordance with the cash and cash equivalents' policy € 73.0 million (2022: € 110.2 million) of cash equivalents were invested in money market funds. Investments in money market funds are freely tradable on a daily basis. All funds from these securities are freely available.

29. Cash and cash equivalents

The cash and cash equivalents consist of balances held with major Dutch credit institutions. The company's own cash and cash equivalents form part of the balance and interest set-off system within PGGM. As a result of participation in the interest set-off system, the company is jointly and severally liable for all obligations arising from it. As of the end of 2023, the entire amount of cash equivalents is freely available.

30. Equity

	<i>Paid and called-up capital</i>	<i>Share premium reserve</i>	<i>Statutory reserve</i>	<i>Other reserves</i>	<i>Undistributed profit</i>	<i>Total</i>
Balance as at 1 January 2022	200	158,712	243	70,743	20,868	250,766
Appropriation of profit	-	-	-	20,868	-20,868	-
Statutory reserve internally developed software	-	-	119	-119	-	-
Result 2022	-	-	-	-	9,017	9,017
Balance as at 31 December 2022	200	158,712	362	91,492	9,017	259,783
Appropriation of profit for 2022	-	-	-	9,017	-9,017	-
Statutory reserve internally developed software	-	-	4	-4	-	-
Result 2023	-	-	-	-	-1,042	-1,042
Balance as at 31 December 2023	200	158,712	366	100,505	-1,042	258,741

Paid and called-up

The paid and called-up capital comprises the paid-up nominal amounts on issued shares. The authorised capital is € 1 million (2020: € 1 million), consisting of 1,000 shares, each with a nominal value of € 1 thousand. As of 31 December 2023, 200 shares have been issued and fully paid up.

Share premium reserve

The amounts contributed by shareholders in excess of the nominal share capital are recognised as share premium.

Statutory reserve

The assets, liabilities, and income and expenses of consolidated participating interests with a functional currency other than the presentation currency are converted at the exchange rate prevailing on the balance sheet date. The resulting translation differences are directly credited or debited to equity in the statutory foreign currency translation reserve. The change in 2023 relates to the statutory reserve held for internally developed software.

Other reserves

The other reserves consist of the determined result and the changes resulting from the statutory reserve held for internally developed software.

Undistributed profit

The result after tax for 2023 is part of the undistributed profit of the equity item.

Proposal for profit appropriation

At the general meeting of shareholders, it is proposed to allocate the net result for 2023 to the other reserves.

31. Provisions

Reference is made to note 10 'Provisions' in the consolidated financial statements for further information on provisions.

32. Current liabilities

	31 December 2023	31 December 2022
Amounts owed to credit institutions	20,581	55,097
Amounts invoiced in advance	7,009	6,170
Creditors	2,987	1,498
Amounts owed to group companies	676	2,773
Taxes and social security contributions	13,877	13,001
Accruals and deferred income	20,306	17,814
Total	65,436	96,353

The fair value of the receivables approximates their carrying amount due to the short-term nature of the receivables.

Amounts owed to credit institutions

Amounts owed to credit institutions relate to negative cash balances arising from the netting and interest compensation system.

Amounts owed to group companies

	31 December 2023	31 December 2022
PGGM Coöperatie U.A.	676	-
PGGM Pensioenbeheer B.V.	-	1,932
PGGM UFO B.V.	-	536
PGGM Innovatie B.V.	-	180
PGGM Strategic Advisory Services B.V.	-	109
PGGM Financiële Services B.V.	-	16
Total	676	2,773

All amounts owed to group companies have a remaining maturity of less than one year. No interest is charged on the amounts owed from group companies.

Taxes and social security contributions

Taxes and social security contributions relate to payroll taxes and social security costs payable. These liabilities have a remaining maturity of less than one year.

Accruals and deferred income

Accruals and deferred income consist of amounts yet to be paid totalling € 1.9 million (2022: € 1.9 million), vacation pay accruals amounting to € 7.8 million (2022: € 5.3 million), variable remuneration accrual of € 7.6 million (2022: € 7.0 million), and other accruals totalling € 3.1 million (2022: € 3.6 million). These accruals have a remaining maturity of less than one year.

33. Transactions with related parties

Transactions with related parties occur when there is a relationship between the company, its subsidiaries, and their directors and executive officers. There have been no transactions with related parties on a non-arm's length basis.

34. Other income

	2023	2022
Other income and expenses	-69,937	-65,441
Charged-on expenses	73,073	64,988
Taxes on result	-956	-23
Total	2,180	-476

35. Subsequent events

For the disclosure on post-balance sheet date events, see note 22 'Subsequent events' in the consolidated financial statements.

Zeist, 24 April 2024

Executive Board:

Edwin Velzel, Chair

Willem Jan Brinkman

Supervisory Board:

Marjanne Sint, Chair

Henk Broeders, Vice Chair

Han Busker

Françoise Dings

Jan van Rutte

Doede Vierstra



Other information



Independent auditor's report

To: the general meeting and the supervisory board of PGGM N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion, the financial statements of PGGM N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2023, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of PGGM N.V., Zeist. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2023;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NLE00031369.1.1

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands

T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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Independence

We are independent of PGGM N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of PGGM N.V. and its environment and the components of the internal control system, including the management's board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.: We refer to section 'Fraud risk' in the chapter '1.3.3 Risk management' of the annual report in which the management board reflects on its risk appetite on this topic and the implemented measures of internal control.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud, amongst which management's fraud risk assessment, the code of conduct, whistleblower procedures, the Systemic Integrity Risk Assessment and the framework of internal control relating to fraud. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board, as well as the internal audit department, representatives of the human resources department, representatives of the finance department and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
<p><i>The risk of management override of controls</i></p> <p>Management is in a unique position to perpetrate fraud, because of management's unique ability to override controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls, aimed at:</p> <ul style="list-style-type: none"> the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; estimates; significant transactions, if any, outside the normal course of business for the entity and its subsidiaries. 	<p>We evaluated the design and implementation of internal control measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.</p> <p>We have selected journal entries based on risk criteria and performed specific audit procedures on them. These procedures include, among others, inspecting these journal entries and reconciling them with source documents.</p> <p>We also performed specific audit procedures on important management estimates, such as the provisions as disclosed in Note 10 of the financial statements.</p> <p>We did not identify significant transactions outside the normal course of business.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>

We incorporated an element of unpredictability in our audit. We also reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in paragraph 'Risk appetite and risk profile for 2023' in the chapter '1.3.3 Risk management' in the management board report, the management board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether the management board's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the Executive Board regarding the management board's most important assumptions underlying its going-concern assessment.
- evaluating the management board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry, development regarding clients and their contracts and all relevant information of which we are aware as a result of our audit;
- performing inquiries of the management board as to its knowledge of going concern risks beyond the period of the management board's assessment.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 24 April 2024
PricewaterhouseCoopers Accountants N.V.

This is an English translation of the original Dutch text, furnished for convenience only. In case of any conflict between the translation and the original text, the latter will prevail.

Appendix to our auditor's report on the financial statements 2023 of PGGM N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

4.2 Statutory provisions governing the appropriation of the result

Article 35 of the Articles of Association reads as follows:

- 35.1 Distribution of profits will be made following the adoption of the financial statements showing that such distribution is warranted.
- 35.2 The profits will be at the free disposal of the General Meeting of Shareholders.
- 35.3 On the recommendation of the Executive Board, the General Meeting will be authorised to resolve to make a distribution from the reserves, without prejudice to Article 35.4.
- 35.4 The company may only make distributions to the shareholders and other persons entitled to the profit intended for distribution to the extent that the equity exceeds the subscribed capital plus the reserves which must be maintained pursuant to the law.
- 35.5 The company may make interim distributions provided that the requirement of Article 35.4 is complied with as evidenced by an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.
- 35.6 When calculating the share distribution, the shares which the company holds in its own share capital are not included.
- 35.7 A deficit may only be charged to the statutory reserves to the extent that this is permitted by law.

4.3 General information

Address

PGGM N.V.
Noordweg Noord 150
3704 JG Zeist

PO Box 117
3700 AC Zeist

Telephone +31 30 - 277 99 11
www.pggm.nl
Commercial register number 30228472

Executive Board

Edwin Velzel (Chair)	Willem Jan Brinkman
Chief Executive Officer (CEO)	Chief Financial & Risk Officer (CFRO)

Auditors

PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam

Postbus 90351
1006 BJ Amsterdam

Telephone +31 88 - 792 00 20

4.4 Supervisory Board retirement schedule

Leden	Start of first term	End of first term	Start of second term	End of second term
Marjanne Sint (<i>Chair</i>)	01-04-2018	31-03-2022	01-04-2022	31-03-2026
Henk Broeders (<i>Vice Chair</i>)	01-11-2018	31-10-2022	01-11-2022	31-10-2026
Han Busker	01-10-2023	30-09-2027	Nog n.v.t.	Nog n.v.t.
Françoise Dings	12-05-2022	11-05-2026	Nog n.v.t.	Nog n.v.t.
Jan van Rutte	17-05-2017	16-05-2021	17-05-2021	16-05-2025
Doede Vierstra	13-06-2021	12-06-2025	Nog n.v.t.	Nog n.v.t.

Regulation of the Articles of Association

Article 23(1) of the Articles of Association of PGGM N.V. stipulates that a Supervisory Director will step down no later than the date of the first General Meeting held after the end of four years following his or her last appointment. At the end of his or her term of office, a Supervisory Director may be reappointed, on the understanding that he or she shall step down no later than the date of the first General Meeting held after he or she has served for eight years as a Supervisory Director, consecutively or otherwise; thereafter, he or she may not be reappointed.

4.5 Ancillary positions held by members of the Supervisory Board

Marjanne Sint (1949)

Nationality: Dutch

Main position: *Marjanne Sint Consultancy B.V.*
(Management and business operations consultancy)

Executive and supervisory positions

- Chair of the Supervisory Board and member of the People and Organisation Committee of PGGM N.V.
- Chair of the Supervisory Board of Bergman Medical Care B.V. the Netherlands
- Member of the Corona Crisis Guiding Committee of the Dutch Safety Board
- Chair of the AMF Steering Committee of the Ministries of Home Affairs, Kingdom Relations and Defence
- Chair of the Supervisory Board of Stichting Open Nederland
- Associée AEF

Henk Broeders (1964)

Nationality: Dutch

Main position: *Supervisory Director/ Supervisor*

Executive and supervisory positions

- Member of the Supervisory Board (Vice Chair) and member of the Audit, Risk, and Compliance Committee of PGGM N.V.
- Chair of the Supervisory Board of UMC Utrecht (from June 2023)
- Member of the Supervisory Board and member of the Remuneration Committee of Stichting Leger des Heils Welzijn en Gezondheidszorg
- Member of the Supervisory Board and Chair of the Audit Committee of Alexander Monro Hospital (until May 2023)
- Chair of the Supervisory Board and member of the Audit Committee of Stater N.V. (until May 2023)
- Chair of the Board of Stichting Hanarth Fonds
- Chair of the Board of Stichting Steun Amsterdam UMC Alzheimer Centrum
- Director of Broeders Board Services
- External Advisor of McKinsey & Company
- Member of the Advisory Council of Hersenonderzoek.nl
- Member of the Investor Advisory Committee of Aescap
- Member of the Advisory Board of ABOARD Consortium

Han Busker (1960)

Nationality: Dutch

Main position: *Supervisory Director/ Supervisor*

Executive and supervisory positions

- Member of the Supervisory Board of PGGM N.V. (from 1 October 2023)
- Member of the Board of Stichting NR Governance
- Chair of the Supervisory Board of Stichting Slingeland Hospital Doetinchem
- Member of the Supervisory Board of Platform Talent for Technology

Françoise Dings (1968)

Nationality: Dutch

Main function: *Chief Strategy & Transformation at Royal Flora Holland*

Executive and supervisory positions

- Member of the Supervisory Board of PGGM N.V. and Chair of the People & Organisation Committee of PGGM N.V.
- Member of the Supervisory Board of Spaarne Hospital in Hoofddorp/Haarlem
- Member of the Board of Hortipoint Publishing

Jan van Rutte (1950)

Nationality: Dutch

Main position: *Supervisory Director/ Supervisor*

Executive and supervisory positions

- Member of the Supervisory Board and Member of the Audit, Risk, and Compliance Committee of PGGM N.V.
- Member of the Supervisory Board (Deputy Chair) and Member of the Audit Committee of BNG Bank N.V.
- Member of the Supervisory Board of Stichting Health Center Hoenderdaal

Doede Vierstra (1958)

Nationality: Dutch

Main position: *Managing Director of Phoibos Finance BV*

Executive and supervisory positions

- Member of the Supervisory Board and Chair of the Audit, Risk, and Compliance Committee, PGGM N.V.
- Chair of the Supervisory Board of Stedin Holding N.V.
- Chair of the Audit Committee and Board Member of Stichting Nyenrode
- Chair of the Supervisory Board of KNGF Guide Dogs
- Member of the Supervisory Board and Chair of the Audit Committee of Leiden University Medical Center (LUMC)

4.6 Ancillary positions held by the members of the Executive Board

Edwin Velzel (1963)

Nationality: Dutch

Main position: *Chief Executive Officer PGGM N.V.*

Executive and supervisory positions

- Chair of the Executive Board of PGGM N.V.
- Chair of the Supervisory Board of PGGM Vermogensbeheer B.V.
- Member of the Supervisory Board of Gelre Ziekenhuizen
- Director of Stichting Healthcare4Ukraine

Willem Jan Brinkman (1973)

Nationality: Dutch

Main position: *Chief Financial & Risk Officer PGGM N.V.*

Executive and supervisory positions

- Member of the Executive Board of PGGM N.V.
- Member of the Supervisory Board of PGGM Vermogensbeheer B.V.
- Member of the Economic Board Utrecht