



PGGM Vermogensbeheer B.V.

reporting standards



Investments in Solutions

Input data

Euro amount Investments in Solutions (BiO)

<i>Key performance indicator</i>	Invested assets in focus areas Investing in Solutions (BiO): <ul style="list-style-type: none">- Total invested assets in solutions in 2020- Newly invested capital in solutions in 2020- Invested capital in focus area climate and environment at balance sheet date- Newly invested capital in focus area climate and environment compared to balance sheet date previous year- Invested capital in focus area water as at balance sheet date- Newly invested capital in focus area water compared to balance sheet date of previous year- Invested capital in focus area food at balance sheet date- Newly invested capital in focus area food relative to balance sheet date of previous year- Invested capital in focus area Health at balance sheet date- Newly invested capital in focus area health compared to balance sheet date of previous year- Invested capital in focus area other at balance sheet date
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<i>KPI Definition</i>	Total Euro amount of public and private investments that have been classified as BiO.
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<i>KPI calculation and assumptions</i>	Investing in Solutions (in Dutch: "Beleggingen in Oplossingen", BiO) is PGGM's approach to impact investing on an institutional scale. BiO investments are <i>targeted</i> to the four focus areas identified by PFZW and tangible social and environmental impacts are measured. BiO investments focus on a cluster of issue areas where social and/or environmental need creates a commercial growth opportunity for market-rate or market-beating returns. BiO is not an asset class by itself and is expected to fit the risk-return profile of the asset classes they are part of.
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There are several criteria that investments have to meet, in order to be classified as a BiO. They should be *targeted, intentional, substantial and measurable*.

Targeted

Our client PFZW identified four focus areas where they must, can or want to make a difference: climate change, pollution and emissions, food security, healthcare and water scarcity. In order to classify as a BiO, an investment should contribute to one or more of the four focus areas. The goals regarding each focus area are outlined below.



Climate change, pollution and emissions: our aim is to mitigate climate change and pollution.



Food security: our aim is to contribute to worldwide food security for a rapidly growing population.



Healthcare: our aim is to improve access to affordable and good quality healthcare.



Water scarcity: our aim is to increase water security for people and business.

Intentional

BiO requires that PGGM and PFZW have an explicit and transparent strategy of seeking and evaluating investments that contribute to the four themes, i.e. invest with a view to supporting specific social and/or environmental impact. With PFZW's Investment Policy 2020 we meet the requirement of "intentionality".

Substantial

To determine whether an existing or new investment qualifies as BiO, its positive contribution to one or more of the or themes is assessed at the activity level, and mapped to a pre-defined taxonomy of investible solutions. That positive contribution to the one or more of the selected themes must be substantial, in either one of three ways: through its products and services as (i) a pure play (majority of revenues) or as (ii) a decisive player (based on its market share, for example). The third way is as (iii) an "acknowledged transformational leader" by virtue of a unique influence over its markets, suppliers, customers or peers.

Measurable

Tangible social and environmental impacts of investments have to be measured and reported on. This will be elaborated in the next paragraph.

In order to be classified as a BiO, investees have to annually report on at least one of the following impact indicators which have been pre-defined by PGGM:

Theme	Indicator	Description	Value
Climate change, pollution and emissions	Renewable Energy	Annual renewable energy produced	MWh
	Avoided Emissions	Annual avoided greenhouse gas emissions	Tonnes CO2 eq.
	Avoided Pollution	Annual avoided pollution or other emissions that would otherwise end up in the biosphere	Tonnes
Water scarcity	Water Savings	Annual water savings	M3
	Water Access	Annual number of people with adequate access to clean water	People
	Water Treatment	Annual waste water treatment	M3
Food security	Food Production	Annual Increase in yield	Tonnes/ha
	Avoided Losses	Annual avoided harvest, transport and storage losses	Tonnes
	Nutritional Value	Annual Improvements in nutritional value	Tonnes
	Access to Food	Annual increase in number of people with local access to nutritious food	People
Healthcare	Healthcare Treatments	Annual number of people treated	People
	Reduction Healthcare Costs	Annual reduction in costs for standard treatments and medicines	€

Companies with a market capitalization of less than EUR 500 million do not qualify for inclusion in the BOA universe

BiO taxonomy

To determine whether an existing or new investment qualifies as BiO, its positive contribution to one or more of the themes is assessed at the activity level, and mapped to the BiO taxonomy of investible solutions. That positive contribution to one or more of the selected themes must be substantial, in either one of three ways: through its products and services as

- (i) a pure play (>50% of revenues or market value is linked to one or more focus areas) or as;
- (ii) a decisive player (even at less than 50% of revenue or market value, the investee makes a key contribution to one or more themes through its market share or breakthrough technology or R&D efforts, provided a strategic and sustained reference is made to the relevant focus area).
- (iii) an “acknowledged transformational leader” by virtue of a unique influence over its markets, suppliers, customers or peers. If not through products and services, the investee is transforming its sector and/or value chain, driving significant progress on one or

more focus areas. Only in those rare instances where such leadership is rooted in strategy, sustained in communications, proven by results and acknowledged by independent experts/ third parties can the contribution be deemed substantial.

Data source The primary data source is the investees (audited) annual report or sustainability report or any other external communication such as the investees website.

Data from external data providers, such as Sustainalytics, MSCI, Trucost and Bloomberg, analysis from Natixis and public reports from organizations such as the United Nations, the World Health Organization, the World Resources Institute, etc.

Frequency Assessment of the investments along the BiO criteria are performed annually.

Boundary/Scope All investments worldwide

Comments For the listed equity BOA-mandate (Beleggen in Oplossingen Aandelen) an investment universe has been defined by Investment Strategy and approved by our client PFZW. The companies of this universe that have been invested in will be classified as BiO. If these companies are also in other investment portfolio, than these investments will also classify as BiO.

For new potential BiO investments in other investment classes, the investment teams fill in a BiO Assessment Form that will be submitted to Responsible Investment and discussed in the BiO Taskforce. Minutes of the BiO Taskforce will be accredited by the PGGM Investment Committee.

CO2 reduction

Input data

<i>KPI Definition</i>	CO2 emissions in our equity portfolio (relative footprint)
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<i>Key performance indicator</i>	<ul style="list-style-type: none">- Carbon footprint per million euro company revenue as at 31-12-2014 (baseline) of the equity portfolio- CO2 footprint per million euro in revenue as at balance sheet date of the equity portfolio- % reduction in carbon footprint per million euro in revenue as at balance sheet date of the equity portfolio compared to the 2014 baseline (Reference date December 31, 2014)
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<i>KPI calculation and assumptions</i>	<p>Trucost measures a company's carbon footprint by looking at its carbon efficiency. This is the amount of CO2 emissions per dollar of company revenue. To arrive at CO2 efficiency, we first calculate the company's total CO2 emissions:</p> <ul style="list-style-type: none">- Trucost starts with the company's own CO2 emissions. For a factory, for example, this is CO2 released from the production process.- Next, Trucost looks at the energy consumption of the company. The factory uses electricity to run the machines and heat for parts of the production process. We also include the CO2 emissions that are released when generating electricity and heat.- Finally, Trucost calculates the CO2 emissions of the company's suppliers. For example, a company may outsource part of the production process to another company and only do the assembly itself. In order to compare companies in the same sector in the best possible way, we also include this part of the CO2 emissions in the company's CO2 emissions. <p>The CO2 that a company emits in this way in a year, Trucost divides by the company's turnover in that same year. This gives us a measure of CO2 efficiency: how much CO2 emissions does a company need for a certain amount of turnover? This allows us to compare companies and discover which ones have the smallest impact on the climate. Trucost calculates the CO2 efficiency for all companies in which we invest in the equity portfolio.</p> <p>PGGM then adds up the average CO2 efficiency of all the companies in which we invest to arrive at the footprint of the entire portfolio. Not every company carries the same weight in this calculation. This depends on how large the company in our portfolio is. The companies in which we invest a lot are therefore weighted more heavily. In this way we can also steer for reduction in the future: by investing less in the companies with a high carbon footprint, we reduce the carbon footprint of the total portfolio.</p>
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The reduction is calculated by dividing the current relative emissions by the baseline. The relative emissions are calculated by determining a market value weighted average of the emissions portfolio. The result is extrapolated for the part of the portfolio that is not covered by Trucost. The calculation takes place in Factset.

<i>Boundary/Scope</i>	All listed equity holdings in the PGGM funds: <ol style="list-style-type: none">1. PGGM Developed Markets Alternative Equity PF Fund2. PGGM Developed Markets Alternative Equity II PF Fund3. PGGM Developed Markets Equity PF Fund4. PGGM Emerging Markets Equity PF Fund
<i>Data source</i>	We buy data on CO2 emissions from companies we invest in from Trucost, a specialist data provider. They look not only at CO2 but also at emissions of other greenhouse gases such as methane and nitrous oxide and convert them into CO2 equivalents, the measure of greenhouse gas emissions. The data we buy is either reported by the companies themselves and verified by Trucost, or it is calculated by Trucost
<i>Frequency</i>	Quarterly Trucost's data is renewed once a year (March). The data is 2 years old. For example, data used as of March 2020 was collected by Trucost during 2019 from annual reports, etc. The data refers to 2018.

Engagement

Input data

<i>Key performance indicator</i>	<ul style="list-style-type: none">- Number of companies with which dialogue has been conducted- Number of market participants with whom dialogue has been held- Number of enterprises achieving results- Number of market players with whom results have been achieved- Number of engagement activities with companies during the calendar year for the regions: Europe (excl. Netherlands), North America, Asia, Rest of the World, Netherlands, total- Number of engagement activities with companies during the calendar year for the focus areas: Climate change, pollution and emissions; Human rights, Healthcare, Good corporate governance, total- Number of markets engagement activities during the calendar year for the regions: Asia, Netherlands, Rest of the world, total- Number of market engagement activities during the calendar year for the focus area of good corporate governance
<i>KPI Definition</i>	Number of engaged companies and markets with which there has been engagement contact during a quarter of year (depending on the type of report). This is also broken down in regions and themes. In addition the number of results are reported.
<i>KPI calculation and assumptions</i>	An engagement activity is an interaction aimed at generating a change of behaviour at an investee company or a market. Also meaningful interactions with said company or market aimed at fact-finding are included. By meaningful we mean substantive contact which exceeds for example checking in or scheduling an appointment.
<i>Boundary/Scope</i>	listed equities and fixed income securities.
<i>Data source</i>	The data comes from the internal Engagement Database (a Microsoft Dynamics environment) and the Sustainalytics database.
<i>Frequency</i>	Annually

Voting

Input data

<i>Key performance indicator</i>	<ul style="list-style-type: none">- Number of votes cast for the regions: Netherlands, Europe (excluding the Netherlands), North America, Asia, Rest of the World- Number of agenda items for which a vote was cast in favour of a management recommendation- Number of agenda items on which a vote was cast against the management recommendation- Number of shareholders' proposals on which votes were cast in favour- Number of shareholders' proposals for which a vote was cast against- Number of shareholders' proposals for which a vote was abstained- Number of management proposals in the category anti-takeover measures- Number of management proposals in the category of management appointments- Number of management proposals in the capital increase category- Number of management proposals in the remuneration category- Number of management proposals in the mergers and acquisitions category- Number of management proposals in the category 'other- Number of management proposals in the environment & social category- Number of voting instructions in favour- Number of voting instructions against- Number of voting instructions to abstain- Number of voting instructions on remuneration proposals in the US- Number of voting instructions on remuneration proposals for- Number of voting instructions for pay proposals against- Number of voting instructions to withhold remuneration proposals- Number of shareholder proposals in the remuneration category- Number of shareholder proposals in the corporate governance category- Number of shareholder proposals in the category of director appointments- Number of shareholder proposals in the health and environment category- Number of shareholder proposals in the social circumstances category- Number of shareholder proposals in the other category- Number of shareholders' meetings at which votes were cast- Number of votes cast
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<i>KPI Definition</i>	Number of vote instructions cast at shareholder meetings (both AGMs and EGMs) per quarter / per year and a breakdown in region, proposal types, votes against, etc. (see above). A vote instruction is a vote cast by a shareholder on the basis of the number of shares they own (which is commonly determined on a date close to the date of the shareholder meeting).
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<i>KPI calculation and assumptions</i>	PGGM votes by: attending shareholders' meetings (particularly in the Netherlands) granting proxies to other shareholders who also speak on PGGM's behalf (in the Netherlands and other countries) remote voting.
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Obtaining the information required to cast well-considered votes, the associated costs, time or other practical limitations may mean that PGGM is unable to reasonably fulfil its ambition to vote at all shareholders' meetings. In addition, the percentage of shares on which we can vote is partly influenced by the possible lending of shares. However, positions are never lent out in full. In practice, except in blocking markets, we will vote on at least 10% of the shares of all companies invested in. It should be noted that PGGM can and will recall shares for voting purposes at any time if it considers this necessary. PGGM uses specialist proxy advisory services to implement its voting policy. PGGM receives voting recommendations on the basis of its own voting guidelines. Shareholder proposals in the field of the environment, social factors and corporate governance are assessed in detail and put to the vote by internal specialists in various specialist areas. Internal or external portfolio managers are also involved in the implementation of the voting policy wherever possible. PGGM can also draw on the regular voting advice of these voting consultancies. PGGM also participates in various formal and informal associations of institutional investors in order to cast well-considered votes at shareholders' meetings.

Our voting decisions must contribute to our clients' fiduciary duty and are based on our clients' interests as universal investors and (long-term institutional) shareholders, the impact of these decisions on long-term value creation, the continuity of the company, the 'license to operate' and the impact on the company's ESG performance¹ as a result of these decisions. The PGGM Investments Global Voting Guidelines 2020 provide practical guidance on PFZW's policy framework for voting activities.

When voting, we prefer clear and decisive voting decisions. Therefore, we prefer to vote FOR or AGAINST an agenda itemized resolution and view ABSTAIN or WITHHOLD voting as an exception. We vote AGAINST all resolutions that do not meet minimum standards for corporate governance and/or minimum standards for environmental and/or social principles. See our voting guidelines for more details on these minimum standards.

We vote AGAINST all motions where information is not provided in a timely manner and/or is insufficient to make an informed voting decision in line with these Basic Voting Principles, including, but not limited to, a clear rationale and/or justification for the motion.

Where these PGGM Investments Global Voting Guidelines 2020 do not provide for an informed voting position, resolutions will - in line with these Basic Voting Principles - be voted on a case-by-case basis.

In all cases PGGM may decide to vote AGAINST a proposal if the proposal and/or its consequence is/are contrary to our Basic Voting Principles. PGGM may also decide to vote FOR a proposal that supports our principles.

Vote FOR all shareholder proposals unless: The shareholder proposal is insufficiently relevant to the company; The shareholder proposal is not in line with the PGGM Global Voting Guidelines 2020; The board succeeds in successfully disproving the relevance to the company and/or otherwise successfully demonstrates that shareholders should not vote for the shareholder proposal; or The shareholder proposal qualifies as a climate-related proposal. For these climate-related shareholder proposals, please refer to section 9 (Climate Change) of these PGGM Investments Global Voting Guidelines 2020.

Boundary/Scope Listed equities

Frequency Annually

Legal Proceedings

Input data

Input data unit € investment loss recovered through legal proceedings

KPI Definition Total recovered investment loss retrieved by class actions shareholder litigation

KPI Calculation and assumptions The investment loss is defined as the "recognized loss" (RL). The RL is calculated based on the terms of the settlement agreement or the outcome of the trial for each respective case. To calculate the recovery rate in each case, the payout is divided by RL.

Data/source Investment data is sent by PGGM or its custodians to law firms and ISS. The law firms monitor the data for loss recovery through active participation in opt-in, lead plaintiff, or opt-out cases, while ISS monitors and submits documentation for loss recovery through passive class participation (US/Canada only)

Boundary/Scope Damages recovered through both passive and active shareholder litigation (damages suffered by PGGM funds / clients)

Frequency The data is continuously reviewed for new cases filed and PGGM is notified by email or through a web portal of cases in which PGGM has a potential loss when identified.

Exclusions

Input data	Exclusion List
<i>Key performance indicator</i>	Refrain from investing in countries and companies that do not fit in with the identity and norms and values of PGGM and our clients.
<i>KPI Definition</i>	Correct implementation of the exclusion framework and the monitoring thereof.
<i>KPI calculation and assumptions</i>	<p>PGGM excludes companies that are involved in cluster munition, controversial weapon and tobacco activities from the PGGM funds and internally managed mandates. In addition, we do not invest in government bonds of countries that are the subject of sanctions by the UN Security Council and/or the European Union (EU). In addition, we may exclude companies with elevated ESG risks. In such instances, we first attempt to realise improvements by engaging the company in dialogue.</p> <p>The definition of cluster munition PGGM uses is the same as the Dutch regulator AFM uses, and in in line with the definition of the United Nations (UN) Convention on Cluster Munitions (2008).</p> <p>For controversial weapons, PGGM excludes companies that produce an/or trade in six types of weapons within two categories of weapon systems:</p> <ol style="list-style-type: none">1. Weapons of mass destruction:<ol style="list-style-type: none">a. nuclear weaponsb. chemical weaponsc. biological weapons2. Weapons with a significant risk of (civilian) casualties during and / or after a military conflict:<ol style="list-style-type: none">a. anti-personnel minesb. cluster munitionsc. ammunition with depleted uranium <p>The criteria for tobacco exclusions are as follows:</p> <ol style="list-style-type: none">1. Tobacco producers Companies engaged in the production of tobacco and / or tobacco products (such as cigarettes, cigars, chewing tobacco, etc.). For the selected criteria it was decided not to use an additional turnover percentage for producers. Every production activity gives rise to exclusion.2. Owner of tobacco producers companies that (co-) own companies engaged in the production of tobacco and / or tobacco products. PGGM applies the principle of controlling interest with regard to ownership. This is understood to mean an interest in a joint venture and / or an interest of 30% or more in a listed company.

<i>Data source</i>	<ol style="list-style-type: none">1. Annual indicative list Dutch regulator AFM;2. UN Security Council country sanction list;3. European Union (EU) country sanction list;4. Annual and/or quarterly weapons and tobacco reports from our data vendor (Sustainalytics);5. Corporate actions (CA) reports from our DM department;6. Occasional unsolicited information from market participants such as – but not limited to – regulators, peers, NGO’s.
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<i>Frequency</i>	The exclusion list need to be updated twice a year. In an addition, additional updates may be required (see Monitoring frequency).
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