

Corporate Governance Code

Compliance by APG Group N.V.

Introduction

APG and Corporate Governance

The Corporate Governance Code (the 'Code') as drawn up by the Van Manen Committee, which came into force for the financial years commencing on or after January 1, 2017, is not applicable to APG. This because APG's shares are not listed on the stock exchange. However, APG has made a conscious decision to follow the Code and to apply the rules of conduct for corporate governance and monitoring, including the accountability of this monitoring, on a purely voluntary basis.

APG's approach to implementation of and compliance with the Code

APG endorses the view that a solid and transparent system of checks and balances is an important element in establishing confidence in undertakings operating in the financial sector. APG considers clarity and openness in monitoring and accountability the cornerstones of good governance and entrepreneurship. Accordingly, APG has a sound system of corporate governance.

In principle, APG endorses all principles of the Code and complies with all underlying best practice provisions. An overview of the Code's principles and best practice provisions that either are not relevant for APG or that APG does not apply, are listed below in line with the 'apply or explain' principle. An explanation is provided as to why APG does not apply a certain principle or provision or why the provision is not applicable to APG. For reasons of clarity, the concerning text of the Code (relevant principles and best practice provisions) has been included in its entirety.

Board of Directors and Supervisory Board
APG Group N.V.

1. Long-term value creation

1.1 Principle of long-term value creation

The management board is responsible for the continuity of the company and its affiliated enterprise. The management board focuses on long-term value creation for the company and its affiliated enterprise and takes into account the stakeholders' interests that are relevant in this context. The supervisory board monitors the management board in this respect.

APG endorses this principle.

1.3.6 Absence of an internal audit department

If no separate department for the internal audit activities has been established, the supervisory board will assess annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee, and will assess whether it is necessary to establish an internal audit department. The supervisory board includes the conclusions, along with any resulting recommendations and alternative measures, in the report of the supervisory board.

APG has established an internal audit department. This best practice provision is therefore not applicable to APG.

2. Effective governance and monitoring

2.1 Principle of composition and size

The management board and the supervisory board are composed in such a way that the requisite expertise, background, competencies and – as regards to the supervisory board – independence are present for them to carry out their duties properly. The size of these two bodies aligns with these requirements.

APG endorses this principle.

2.1.5 Diversity policy

The supervisory board draws up a diversity policy for the composition of the management board, the supervisory board and, if applicable, the executive committee. The policy addresses the tangible objectives relating to diversity and the aspects of diversity relevant to the company, such as nationality, age, gender and background in terms of education and professional experience.

APG and the Supervisory Board greatly value diversity in all its forms, and, where possible, apply this best practice provision in various ways and within different parts of the organization. However, a formal diversity policy has not been established by the Supervisory Board. The annual report provides an explanation on the initiatives APG has developed to strive for more diversity within the organization.

2.1.6 Accountability for diversity

The corporate governance statement explains the diversity policy and the way it is executed, and addresses the following topics:

- i. the objectives of the policy;
- ii. the way in which the policy is executed; and
- iii. the results of the policy in the past financial year.

If the composition of the management board and the supervisory board diverges from the objectives stipulated in the company's diversity policy and/or the target figure for the male/female ratio, if and to the extent that this is provided under or pursuant to the law, the current state of affairs will be outlined in the corporate governance statement, along with an explanation as to which measures are being taken to attain the intended situation and the term within which this is likely to be achieved.

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3. Remuneration

3.1 Remuneration policy – management board principle

The remuneration policy applicable to management board members is clear and understandable, focuses on long-term value creation for the company and its affiliated enterprise, and takes into account the internal pay ratios within the enterprise. The remuneration policy does not encourage management board members to act in their own interests, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The supervisory board is responsible for formulating the remuneration policy and its implementation.

APG endorses this principle.

3.4.2 Agreement of management board member

The main elements of the agreement of a management board member with the company are published on the company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the management board member will be proposed.

APG does not apply this best practice provision. The annual report and the annual accounts include parts of the agreements board members made with the company. In addition, certain information from board members on the APG website is mentioned under 'Who is APG'.

4. The general meeting

4.1 The general meeting principle

The general meeting can exert such influence on the policies of the management board and the supervisory board of the company that it plays a fully-fledged role in the system of checks and balances within the company. Good corporate governance assumes the fully-fledged participation of shareholders in the decision-making process taking place during the general meeting.

APG endorses this principle.

4.1.4 Proposal for approval or authorization

A proposal for approval or authorization by the general meeting is explained in writing. In its explanation the management board addresses all facts and circumstances relevant to grant the approval or authorization. The notes to the agenda are posted on the company's website.

APG does not apply this best practice provision. Where possible the topics for the agenda of the general meeting, including the regular topics, are agreed with the shareholders in advance.

4.2.2 Policy on bilateral contacts with shareholders

The company formulates an outline policy on bilateral contacts with shareholders and publishes this policy on its website. *APG has not formulated a policy on bilateral contacts with shareholders and has no intention of doing so. The Board of Directors consults with the shareholders on a regular basis.*

4.2.3 Meetings and presentations

Analyst meetings, analyst presentations, presentations to institutional investors or other investors and press conferences are announced in advance on the company's website and by means of press releases. Analysts' meetings and presentations to investors do not take place shortly prior to the publication of the regular financial information. All shareholders are able to follow these meetings and presentations in real time by means of webcasting, telephone or otherwise. After the meetings, the presentations are published on the company's website.

This best practice provision is not applicable to APG and is not applied by APG.

4.2.4 Publishing information in a separate section of the website

The company publishes and updates information which is relevant to the shareholders and which it is required to publish or submit pursuant to the provisions of company law and securities law applicable to the company in a separate section of the company's website

This best practice provision is not applicable to APG and is not applied by APG.

4.2.5 Contacts of management board with press and analysts

The contacts between the management board on the one hand and the press and financial analysts on the other is handled and structured carefully and with due observance of the applicable laws and regulations. The company will not perform any actions that might compromise the independency of analysts in relation to the company and vice versa.

This best practice provision is not applicable to APG. APG naturally maintains contacts with the press and acts carefully and in accordance with the agreements made with the relevant parties

4.2.6 Overview of protective measures

The management board outlines all existing or potentially deployable protective measures to prevent take-over of control of the company and also indicates in what circumstances and by whom it is expected for these protective measures to be used.

This best practice provision is not applicable to APG and is not applied by APG.

4.3 The principle of casting votes

The participation of as many shareholders as possible in the general meeting's decision-making process is in the interest of the company's checks and balances. The company provides, in so far as possible, shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

APG endorses this principle

4.3.3 Cancelling the binding nature of a nomination or dismissal

The general meeting of shareholders of a company not having the two-tier status (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. The requirement may be imposed that this majority represents a given proportion of the issued capital, which proportion may not exceed one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened during which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

This best practice provision does not apply to APG as the mitigated two-tier status (gemitigeerd structuurregime) is applicable to APG.

4.3.4 Voting right on financing preference shares

The voting right attached to financing preference shares is based on the fair value of the capital contribution.

This best practice provision is not applicable to APG

4.4 The principle of issuing depositary receipts for shares

Depositary receipts for shares can be a means of preventing a majority (including a chance majority) of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting. Depositary receipts for shares should not be issued as a protective measure against takeovers. The board of the trust office issues voting proxies under all circumstances and without limitations to all depositary receipt holders who request such proxies. The holders of depositary receipts so authorized are able to exercise the voting right at their own discretion. The board of the trust office enjoys the confidence of the holders of depositary receipts. Depositary receipt holders have the possibility to recommend candidates for the board of the trust office. The company does not disclose information which has not been made public to the trust office.

APG's shares are not certified. This principle and the associated best practice provisions 4.4.1 up to and including 4.4.8 are therefore not applicable to APG.

5. One-tier governance structure

APG has a two-tier management structure. The principles and best practice provisions of this section are therefore not applicable to APG.

