



Policy on Conflicts of Interest in relation to Stewardship Activities

APG Asset Management

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Introduction

As a fiduciary for its clients APG Asset Management N.V. (“**APG AM**”) seeks always to act in their best interests. Accordingly, APG AM takes all appropriate steps to identify actual or potential conflicts of interest and to maintain arrangements to prevent or manage conflicts of interest and mitigate the potential impact of risks resulting from conflicts that adversely affect the interests of its clients.

APG AM recognises that there may be instances where APG AM’s interest from a stewardship perspective may be perceived conflicting with other interests involving APG AM and listed investee companies (“**Companies**”).

APG AM is committed to always put the interests of our clients and their beneficiaries first and in doing so prevent actual or potential conflicts of interest or manage conflicts fairly between all affected parties. APG AM has a general Conflicts of Interest policy, an Inducement policy and a Code of Conduct that provides rules for additional functions and private investments amongst others. The rules for the Supervisory Board and Executive Board both contain procedures for conflicts of interest situations of (Non)-Executive Directors. All these arrangements are aimed at identifying, preventing or managing conflict of interest situations.

This Stewardship Conflicts of Interest Policy (“**Policy**”) focusses specifically on conflicts of interest that may occur in connection with APG AM’s global stewardship activities.

Potential Conflicts of Interest in relation to stewardship activities

Ownership

One potential conflict which APG AM has identified relates to its ownership structure. APG AM is part of a group together with its 100% shareholder APG Groep N.V. and its associated companies (“**APG Group**”). The shares of APG Group are held by Stichting Pensioenfonds ABP (“**ABP**”), the pension fund for employees in the government and education sectors in the Netherlands, which holds 92,16%, and Stichting Sociaal Fonds Bouwnijverheid (“**SFB**”) which holds 7,84%. We see the following conflicts:

- ABP, for which another associated company of APG Group is the pension administrator, is also APG AM’s largest client. Historically, some APG AM employees were, and some still are, participant of ABP.
- SFB is historically linked to the construction sector and to Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (the Dutch pension fund for the construction sector, bpfBOUW). BpfBOUW is a client of APG AM.

Clients

APG AM provides services to two other Dutch pension fund clients, one of which is the pension fund for APG Group companies, Stichting Personeelspensioenfonds APG (“**PPF**”). APG AM is one of the employers connected to PPF and (the majority of) APG AM employees are participants of PPF. Some APG AM employees have additional functions at PPF which could lead to conflicts of interest.

APG AM has identified the following categories of potential conflicts of interest in relation to its’ stewardship activities:

- Between two or more APG AM clients;
- Between collective investment funds managed by APG AM and individual discretionary portfolio management;
- Between APG AM clients (or any entity related to APG AM clients) and APG AM (or any entity related to APG AM);
- Between APG AM clients and individuals employed by APG AM (including members of the Board);
- Between two or more portfolios managed by APG AM;
- Between shareholders of APG Group (and indirectly APG AM) and their interest as participant in the collective investment funds managed by APG AM or as an individual discretionary portfolio management client of APG AM.

Examples of situations where real or perceived conflicts may arise with regard to stewardship activities are:

- Engagement with a Company which has a strong commercial relationship with APG AM;
- A vote on a corporate transaction, the outcome of which would benefit one client more than another;
- We may otherwise act on behalf of clients who have differing interests in the outcome of our activities;
- Engagement with a Company which certain clients are equity holders and others are bond holders;
- Meetings with Companies for the dual purpose of delivering both our fund and portfolio management and engagement services;
- A vote for the (re-)appointment of a (non-)executive position at a Company that involves an employee of APG AM or a related company;
- Engagement with a government or government body which is the sponsor of one of our clients.

Managing and monitoring conflicts

We invest in over sixty countries worldwide and believe good corporate governance and responsible conduct contribute to the long-term economic value of companies globally. Recognizing our rights and responsibilities as stewards and providers of capital to companies, we exercise our voting rights as a shareholder whenever possible. We engage with public companies from the perspective of an equity or debt provider and through entities investing on our behalf in the private market. APG AM is actively involved in a number of investor and multi-stakeholder organizations. We regularly respond to European and international consultations on corporate governance and sustainability matters and pro-actively provide input to regulatory bodies regarding important matters pertaining to the functioning of the financial system as well as responsible corporate conduct.

APG AM's dedicated GRIG team centrally oversees and coordinates the exercise of all equity voting rights globally using an electronic voting system, involving portfolio managers in the decision making. We have developed our own voting policy which, combined with research from a proxy voting service provider, generates custom voting instructions across the portfolios. When deciding how to vote APG AM takes into account the specific context and market in which the company operates, such as the provisions set out in national corporate governance codes as well as local laws and regulations whilst encouraging the implementation of global best practice corporate governance standards. APG AM may seek input from external managers when voting in markets where they have specialist expertise. APG AM discloses its voting decisions on its website shortly after each shareholder meeting. Each year we publish a responsible investment report both in Dutch and English.

Monitoring of portfolio companies is part of our role as good stewards of capital to gain a better understanding of how they are run. In the most basic terms, monitoring involves all aspects which in our view could impact a company's ability to create long-term value including governance, strategy, performance, sustainability, risks, opportunities and capital structure. There are multiple triggers for us to initiate an engagement. Primarily, we are guided by investment, market and social responsibility rationales. In the course of company engagement, we make use of in-house expertise, corporate filings, company-specific data provided by our research providers and other external sources such as brokers, NGOs or investor networks. We communicate with relevant stakeholders of our portfolio companies as needed. In certain markets we may get actively involved in the nomination of board members.

The APG AM Responsible Investment & Stewardship Policy describes APG's approach to responsible investing and stewardship.¹ It sets out our responsible investment focus areas and related expectations of companies. From this follows the APG AM Corporate Governance Framework including our underlying principles and expectations and explains how we meet our shareholder responsibilities. It encompasses our

¹ The APG Responsible Investment & Stewardship Policy can be found on our website: www.apg.nl.

Voting Policy in which we set out our voting standards on main agenda items at companies' annual general shareholders' meetings.²

When any APG AM employee recognizes a potential conflict of interest with a Company which APG AM is engaging, he or she must raise this with their line manager and the Compliance Department. We have policies that seek to avoid any potential conflicts for individual APG AM employees arising from engagements with companies and personal investments or a material personal relationship or additional functions. Where an employee has a personal connection with a Company, he or she is required to make this known and is not involved in any relevant engagement activities. Additional functions require prior approval from senior management taken into account advice from the Compliance Department before these functions may be accepted.

APG AM's voting decisions are based on the Voting Policy approved by our clients. When conflicts of interest exist in making voting decisions, or in case of dissenting internal views, decision making will be escalated to the relevant APG AM Managing Director(s). In reaching a voting decision the interests of our clients as ultimate beneficiaries of the shares of the companies APG AM invests in on their behalf will always be leading.

Recording and escalation

We maintain a register of instances of conflicts of interest as they arise. In those limited circumstances where a conflict of interest over our approach to voting or engagement arises which is not possible to be resolved in the manner set out above – the matter will be escalated to the Board. In reaching its decisions the Board is guided by APG AM's mission to delivering long-term returns, our published corporate governance principles and expectations, voting policy and other appropriate industry endorsed guidance. All such instances are documented and reported to APG AM's Risk and Compliance Committee. The rules of the Board contain procedures that must be followed in case a Board member is in a conflict situation.

Disclosure

If for any reason pre-emptive measures have not been successful in mitigating a potential conflict of interest, APG AM will endeavour to make any information pertaining to such conflict available to all relevant stakeholders.

Annual review

We review this Policy annually to ensure it adequately reflects the types of conflicts that may arise and to take measures to prevent or manage the conflict and mitigate any adverse impact on the interests of our clients. This Policy is publicly available on the APG website.

² The APG AM Global Corporate Governance Framework, including our Voting Policy, can be found on our website: www.apg.nl