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Remuneration report of the executive board of directors of APG Groep N.V. - 2023

APG pursues a socially responsible remuneration policy

The remuneration policy for the executive board is adopted by the general meeting of shareholders on the proposal of the supervisory board. APG pursues a responsible remuneration policy, which is fully in line with relevant laws and regulations and meets the requirements and standards defined by society. The remuneration policy aims to provide a market-compliant salary by which APG is able to attract, motivate and retain talented executive board members in order to achieve the company's long-term objectives.

In attracting new members of the executive board, APG is primarily guided by the interests of APG and the need to bring in experienced board members with expertise who can lead APG through fundamental changes in the Dutch pension system in the coming period. APG is also fully aware that rewards of board members have a societal side. It is partly for this reason that the members of the executive board are not eligible for a variable remuneration.

APG is aware of its role in society and therefore carefully looks at both the internal and external remuneration ratios when determining the market conformity of the remuneration of the executive board and also the societal perspective.

Starting points for remuneration policy for APG; weighted mix of financial sector and role in society

APG takes a unique position within the financial sector; it is located at the intersection of promoting a social interest in the Netherlands and the global financial sector with regard to investment expertise. A carefully established reference market is used in determining the market conformity of the remuneration of the executive board. The reference market under the current remuneration policy is composed on the basis of comparability in characteristics of companies and of the positions involved and consists of a weighted mix of companies in the administrative services, financial services, asset management and semi-public sectors, with a focus on the reference market asset management for the position of CEO of Asset Management.

This mix of companies reflects APG's role in society as a pension provider for the Dutch society versus a professional asset management company in an international and competitive labor market.

Executive board salary at the median of the reference market

Starting point for the salary of the members of the executive board is the median of the relevant reference market.

The remuneration of the members of the executive board consists only of fixed income and pension. The pension costs of the executive board consists of the participation in the pension scheme of the Personnel Pension Fund APG (PPF APG) to the fiscally allowed maximum pensionable income. In addition to this fiscally allowed maximum pensionable income, the members of the executive board receive compensation for the employers contribution due to this annual fiscally allowed maximum. This employers contribution is paid by means of a gross additional payment. This arrangement is the same for the members of the executive board as for other employees within APG.

Executive remuneration in relation to employee remuneration

Board members rewards remain a topic of attention in society. There must be an explainable balance between the remuneration of de executive board and that of employees at the various organizational units.

The internal ratio between the remuneration of the chair of the executive board and the average remuneration of the employees is 4.5 (4.6 in 2022) and is therefore low. For APG Netherlands only, this ratio is 5.8 (5.7 in 2022). For the financial years 2018 to 2021, the latter internal remuneration ratio was 5.9, 5.9, 6.0 and 5.7 respectively.

The calculations were made on the basis of the current Corporate Governance Code (amended version December 2022, as applicable from the financial year 2023). Due to the changed calculation method, these internal ratios for the financial years 2021 and 2022 slightly deviate from the previously published internal ratios for these years.