



Date October 19, 2022

Periodical SFDR and EU Taxonomy disclosures for 2021 - Pools¹

¹ The disclosures in this document solely relate to APG AM's alternative investment funds ('Pools') and is prepared in accordance with art. 10 of the Sustainable Finance Disclosure Regulation (EU/2019/2088). Please note that, because the Regulatory Technical Standards of the SFDR apply as of 1 January 2023, the disclosures reflect APG AM's best effort. As such, the information provided by APG AM is provided on an 'as-is' and best effort basis with no guarantees of completeness, accuracy and correct compliance in view of the SFDR and RTS.

Introduction

APG Asset Management N.V. (**'APG AM'**, LEI: 549300XWC21UGFTCR876) is considered a financial market participant in accordance with the Sustainable Finance Disclosure Regulation (EU/2019/2088) (**SFDR**).

APG AM is a licensed fund manager which manages alternative investment funds and provides individual portfolio management. The alternative investment funds (**'Pools'**) and individually managed investment accounts (**'Segregated Accounts'**) are **financial products** of APG AM as defined in the SFDR.

In accordance with article 11 of the SFDR, APG AM is subject to periodical disclosure requirements for its financial products that promote environmental and/or social characteristics.

This document contains the periodical disclosures of financial year 2021 for the Pools that promote environmental and/or social characteristics.² The disclosures for the Segregated Accounts have been shared with the respective clients.

Reporting on EU Taxonomy Regulation (2020/852)

Reporting in accordance with the EU Taxonomy Regulation applies when – based on an assessment of reliable data – investments are expected in economic activities that contribute to an environmental objective.³ In other words: reporting in accordance with the EU Taxonomy Regulation applies when financial products will include sustainable investments.

APG AM does not have all necessary reliable data yet to make this assessment and will not claim to make sustainable investments. Even when this data becomes available, APG AM will be cautious to qualify investments as sustainable as regulatory guidance on thresholds for this purpose is lacking. For this reason APG AM deems reporting on EU Taxonomy Regulation not applicable. This may change when APG AM is able to make the assessment based on reliable data.

² Also referred to in the SFDR as art. 8 products.

³ Q&A European Commission of 25 May 2022 ([link](#)).

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Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Alternative Credits Pool**
 Legal entity identifier: **549300BUPUURJJBXUZ38**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁷**

⁷ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Sustainable Development Investments

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach.

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Alternative Credits engages with managers at multiple points in the investment life cycle. First, it engages with managers during underwriting/ due diligence, of which the ESG diligence process is an important part. Second, it monitors and engages on ESG during the life of the fund. We seek to actively engage with our managers to (1) establish that the manager acts in a manner consistent with its responsible investment policy and agreed-upon ESG fund terms, (2) address gaps in manager ESG practices, and (3) discuss other topics which in our view contribute to their ability to create and sustain long-term value. The discussion about ESG matters takes place between the external manager and Alternative Credits on a continuous basis where in some cases issues are being addressed during the Limited Partners Advisory Committees at the fund level.

In 2021 all the external managers have completed an ESG annual questionnaire. Afterwards Alternative Credits has completed a Planet Responsible Investment annual scorecard for each manager. In this scorecard we rate managers across the following aspects:

- Responsible Investing Policy
- Industry Initiatives & Collaboration
- Dedicated Resources: people, research, experience/expertise. Governance of RI: Oversight
- Integration in Investment Process
- Research effort/ Research examples/ Transparency
- APG AM Inclusion Policy / Engagement/ ESG data sources
- RI Reporting

In 2021 GRIG together with the Alternative Credits team has drafted Responsible Investment Guidelines for Alternative Credits. These Guidelines will enhance existing processes (e.g. ESG reporting, APG Exclusion Policy) by specifying APG's responsible investment requirements for each strategy within Alternative Credits. We have also described our Responsible Investments integration process in investment screening, underwriting, and monitoring. This document also addresses our approach to climate change.

Since 2021 Alternative Credits has set-up tools to monitor ESG incidents (if any) for the underlying investments in the portfolio. Depending on the issue and impact, it has and will continue to engage with managers on how the ESG incidents are being addressed and remedied.

Over the last years, we see a positive change at the external credit managers when it comes to ESG. More and more managers have ESG embedded in their investment and monitoring process. We see that some new European funds coming to the market are using new ESG classifications under the Sustainable Finance Directive 2021.

During 2021 the Pool has used its opt-out right in various funds to reject specific (co)investments due to High Climate Risk nature or upstream oil & gas focus.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

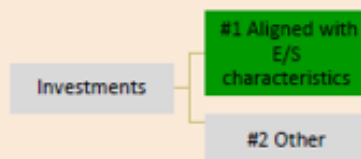


What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG China Fixed Income Pool**
 Legal entity identifier: **549300SYWIEOV2L8835**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁵

⁵ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sovereign Exclusion Policy

Based on the Sovereign Exclusion Policy this Pool does not invest in sovereign bonds that are listed by the UN Security Council Arms embargo or EU weapons embargo. Sovereign bonds are bonds issued by the central government or local government. The countries on these lists will be excluded from the investable universe. Countries that are excluded from the investable universe will also be excluded from the respective benchmarks. The list of excluded countries are confirmed twice a year, June 1st and December 1st. Note that the only country on in the investable universe of this pool is China and China was as per December 1st 2021 neither on the list of the UN Security Council Arms embargo nor on the list of EU weapons embargo.

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy.

These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Sustainable Cities and Communities (SDG 11)

Carbon Footprint & Climate Risk

Another specific sustainability characteristic we promote is the measurement of climate risk and the carbon footprint. Climate risk is seen as an integrated part of our fundamental analysis. Measuring the carbon footprint allows us to disclose this information.

Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG AM favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions.

The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in. The same Corporate Inclusion criteria are applied for this Pool.

Over the past year the CFI team has worked very closely with the GRIG team as well as E Fund fixed income team (our local partner) and we as a team promoted many environmental and social characteristics and ensured good Governance practices towards its investment processes, interaction with debt capital market syndicate teams, its portfolio companies, and market peers. ESG analysis was done nearly on weekly basis that bring the total ESG eligible universe to 58 companies from 14 a year ago, those companies were not previously covered by APG anyhow. Engagement topics were mainly on company disclosures, whistle blow program and employee safety measures, positive responses received from issuers.

ESG discussions between analysts and PMs is a dynamic and ongoing dialogue process. Like any other investment factor, we look out for ESG related events, positive or negative, and if it is financially material, we incorporate the ESG information into our overall investment thesis as well as relative value framework. Analysts also evaluate changes in controversy levels and/or outlook for remediation, which can trigger additional discussion with portfolio managers (PMs) or further analysis, particularly if there is a corresponding change in Inclusion classification. Analysts and PMs jointly evaluate whether ESG related event will impact market price and how much the impact will potentially be, when the impact is done whether pricing offers relatively good value etc., PMs help facilitate one-on-one and group meetings with the issuers for analysts, which enables the analysts to delve deeper into the eligible project categories via direct dialogue with company senior management.

When considering investment in Laggards, analysts discuss the portfolio opportunity with PMs while considering the potential scope of an engagement plan and the likelihood of a successful engagement outcome that would enable continued investment eligibility. Analysts also leverage on our contracted brokers in getting the company management access for an engagement. E Fund fixed income team also followed APG guidance and helped the portfolio with engagement assignments, which also helped in getting the access point for companies.

Over the course of the year 2021, CFI engaged with 24 companies, resulting in 22 successful engagement outcomes and 2 engagements currently ongoing. We define initial success as having received positive response from the company, and then set further deadline to reach more specific achievements. Since the mandate started around 2 years ago, the CFI team has engaged with 58 companies. Engagement topics were mainly on company disclosures, whistle blow program and employee safety measures, positive responses received from issuers. Engagement remains a hallmark of our ESG integration process and provides another way for analysts to evaluate not only the environmental and social policies of companies, but also corporate governance around sustainability issues. Strong management and governance of material sustainability issues can serve as a proxy for management quality and potentially help analysts have more (or less) conviction in investment ideas. This is communicated to PMs accordingly.

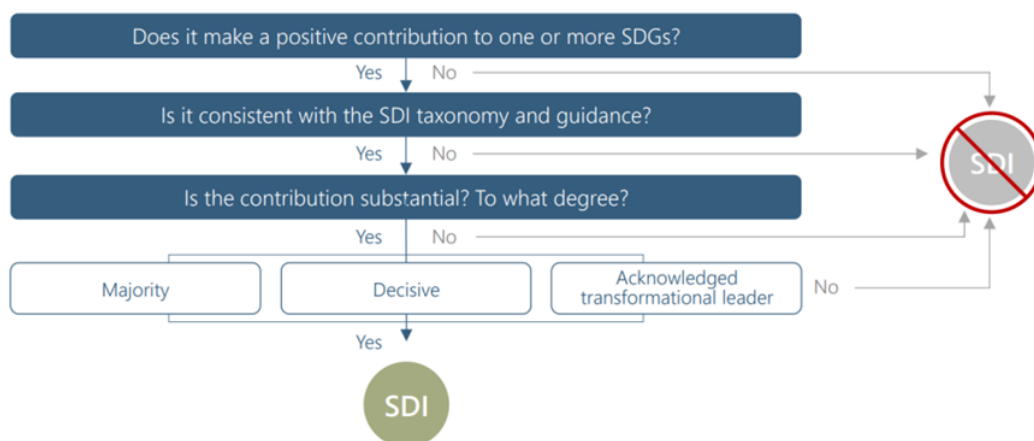
Sustainable Development Investments⁶

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁷, the Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 2 and SDG 11.

Carbon Footprint

APG released its inaugural Sovereign bonds carbon footprint report in December 2021. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁷ As at 30 June 2021.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

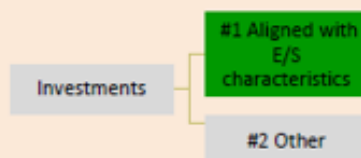


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Developed Markets Equity Minimum Volatility Pool**
 Legal entity identifier: **549300X8YX6JMUFBUB48**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments⁵

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Responsible Consumption and Production (SDG 12)
- Life Below Water (SDG 14)

Carbon Reduction

Another specific sustainability characteristic we promote is carbon reduction. We are reducing the carbon emissions of the companies in this Pool in line with the reduction targets set by our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

● **How did the sustainability indicators perform?**

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies.

During 2021 APG has conducted ESG-related and specific Corporate Inclusion Policy-related engagements with investee companies in this Pool. These engagement trajectories focused on the following E/S characteristics:

Environment

Most companies we engaged with on environment in 2021 are in the Industrials, Energy and Materials sectors. Examples of engagement topics with these companies are proper governance, targets and disclosure of deforestation risks, compliance with emissions regulations, robust environmental management standards and systems, management of water use, effective management of climate risks and opportunities, reduction of green-house gas emissions, comprehensive product stewardship, and coal expansion plans.

Business ethics

Most companies we engaged with in 2021 on business ethics are in the Healthcare, Industrials and Financials sectors. Examples of engagement topics with these companies are anti-money laundering, anti-bribery and corruption, whistleblower programs, drug promotion standards, improving product distribution practices, and safeguarding against misuse and misbranding of products.

Human rights

Most of the companies we engaged with on human rights are in the Healthcare, Materials and Energy sectors. Examples of engagement topics with these companies are operational embedding of digital rights, effective management of data privacy, digital rights and security policy, respect for human rights, effective human capital management, social supplier standards, and product quality and safety.

Labor standards

Most of the companies we engaged with on labor standards are in the Consumer Discretionary, Consumer Staples and Information Technology sectors. Examples of engagement topics with these companies are cobalt supply chain due diligence, safe working conditions, development of strategies to eradicate child labor and human rights violations, and effective implementation of health and safety management.

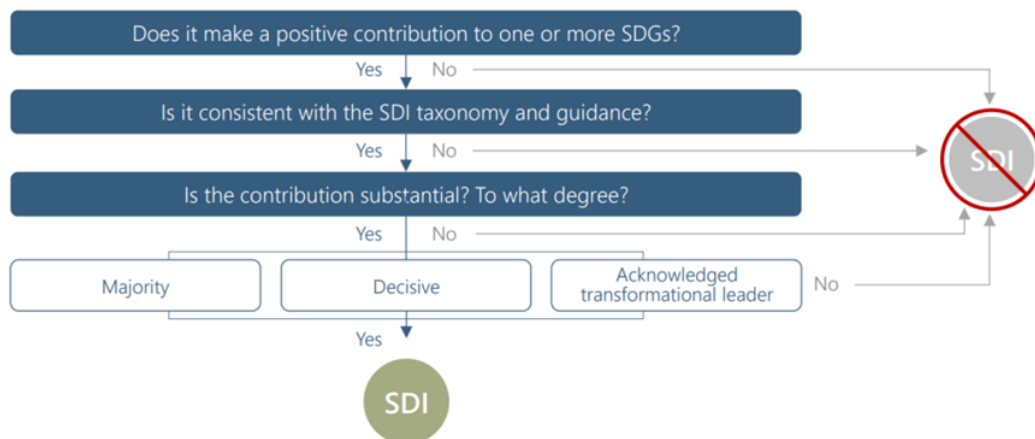
Sustainable Development Investments⁶

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance. (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>)

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁷, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 2, SDG 3, SDG 4, SDG 6, SDG 7, SDG 9, SDG 11, SDG 12 and SDG 14.

Carbon Reduction Target

During 2021 the relative carbon footprint of the Pool was reduced by 15%.⁸



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁷ As at 30 June 2021.

⁸ Between 31 December 2020 and 31 December 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

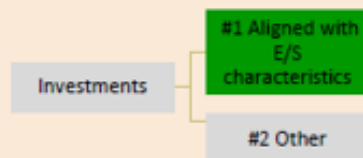


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Developed Markets Equity Pool**
 Legal entity identifier: **549300EK1T36E331O54**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁵**

⁵ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments⁶

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Responsible Consumption and Production (SDG 12)
- Life Below Water (SDG 14)
- Life on Land (SDG 15)

Carbon Reduction

Another specific sustainability characteristic we promote is carbon reduction. We are reducing the carbon emissions of the companies in this Pool in line with the reduction targets set by our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies.

During 2021 APG has conducted ESG-related and specific Corporate Inclusion Policy-related engagements with investee companies in this Pool. These engagement trajectories focused on the following E/S characteristics:

Environment

Most companies we engaged with on environment in 2021 are in the Industrials, Energy and Materials sectors. Examples of engagement topics with these companies are proper governance, targets and disclosure of deforestation risks, compliance with emissions regulations, robust environmental management standards and systems, management of water use, effective management of climate risks and opportunities, reduction of green-house gas emissions, comprehensive product stewardship, and coal expansion plans.

Business ethics

Most companies we engaged with in 2021 on business ethics are in the Healthcare, Industrials and Financials sectors. Examples of engagement topics with these companies are anti-money laundering, anti-bribery and corruption, whistleblower programs, drug promotion standards, improving product distribution practices, and safeguarding against misuse and misbranding of products.

Human rights

Most of the companies we engaged with on human rights are in the Healthcare, Materials and Energy sectors. Examples of engagement topics with these companies are operational embedding of digital rights, effective management of data privacy, digital rights and security policy, respect for human rights, effective human capital management, social supplier standards, and product quality and safety.

Labor standards

Most of the companies we engaged with on labor standards are in the Consumer Discretionary, Consumer Staples and Information Technology sectors. Examples of engagement topics with these companies are cobalt supply chain due diligence, safe working conditions, development of strategies to eradicate child labor and human rights violations, and effective implementation of health and safety management.

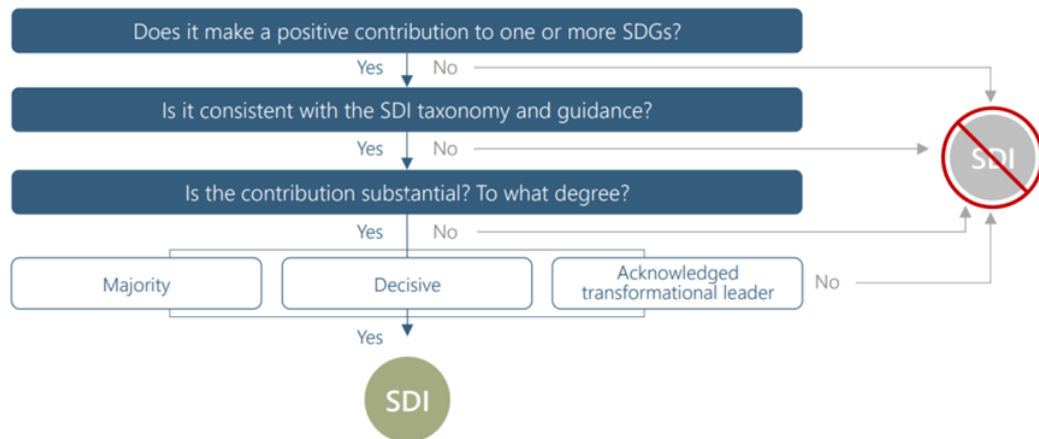
Sustainable Development Investments⁷

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁸, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 2, SDG 3, SDG 4, SDG 6, SDG 7, SDG 9, SDG 11, SDG 12, SDG 14 and SDG 15.

Carbon Reduction Target

During 2021 the relative carbon footprint of the Pool was reduced by 19%.⁹



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁸ As at 30 June 2021.

⁹ Between 31 December 2020 and 31 December 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

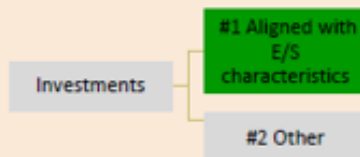


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Emerging Markets Debt Pool**
 Legal entity identifier: **54930083ZPJQ49UCC72**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sovereign Exclusion Policy

Based on the Sovereign Exclusion Policy this Pool does not invest in sovereign bonds that are listed by the UN Security Council Arms embargo or EU weapons embargo. Sovereign bonds are bonds issued by the central government or local government. The countries on these lists will be excluded from the investable universe. Countries that are excluded from the investable universe will also be excluded from the respective benchmarks.

The list of excluded countries is confirmed twice a year, June 1st and December 1st. As per December 1st 2021 the list consists of the following countries:

UNSC Arms Embargo	Central African Republic (CAR)	Sovereign bonds
UNSC Arms Embargo	Democratic Republic of the Congo (DRC)	Sovereign bonds
UNSC Arms Embargo	Libya	Sovereign bonds
UNSC Arms Embargo	North Korea	Sovereign bonds
UNSC Arms Embargo	Somalia	Sovereign bonds
UNSC Arms Embargo	South Sudan	Sovereign bonds
UNSC Arms Embargo	Sudan	Sovereign bonds
UNSC Arms Embargo	Yemen	Sovereign bonds
EU Arms Embargo	Belarus	Sovereign bonds
EU Arms Embargo	Iran	Sovereign bonds
EU Arms Embargo	Myanmar	Sovereign bonds
EU Arms Embargo	Russian Federation	Sovereign bonds
EU Arms Embargo	Syrian Arab Republic	Sovereign bonds
EU Arms Embargo	Venezuela	Sovereign bonds
EU Arms Embargo	Zimbabwe	Sovereign bonds

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:

- a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
- b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Carbon Footprint
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program
-

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments⁵

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- No Poverty (SDG 1)
- Affordable and Clean Energy (SDG 7)
- Decent Work and Economic Growth (SDG 8)
- Industry, Innovation and Infrastructure (SDG 9)
- Climate Action (SDG 13)

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Carbon Footprint

Another specific sustainability characteristic we promote is the measurement of climate risk and the carbon footprint. Climate risk is seen as an integrated part of our fundamental analysis. Measuring the carbon footprint allows us to disclose this information.

APG AM is committed to disclose the carbon footprint of relevant investment under the Climate Commitment of the Dutch Financial Sector.

Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG AM favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

In 2021, this Pool has promoted environmental and social characteristics within the mandates it manages, while following good governance practices in its investment process, interactions with third parties, sovereign and corporate issuers and market peers. Such promotion takes different forms:

In order to further bring forward the promotion of ESG characteristics in APG's offer of Emerging Market Debt products, the Pool has conducted research efforts towards the development of initiatives to bring ESG and climate risks at the country allocation level of the investment process.

Integration of ESG risk scores in the fundamental analysis to understand/monitor how these risks are evolving for investee countries. The ESG risk score framework is a comprehensive set of indicators, which is embedded in our fundamental analysis of each country in the universe. Our analysis makes use of these indicators and digs deeper into key ESG topics and how they can impact a country's fundamentals. In 2021, we have made preliminary steps towards a data driven ESG investing environment with the onboarding of third party ESG analytics provider Maplecroft. ESG analytics are now fully embedded into our digitalization efforts, which are visible in the country dashboard made available to the whole APG organization. Furthermore, this allows the team to further integrate ESG analysis into our Fundamental analysis framework, and potentially set up the base for the refinement of ESG systematic analysis for sovereigns.

Next to the integration of ESG risks in the investments process, the EMD Pool seeks for opportunities to invest in bonds that have a contribution to sustainable development. Sovereign issuers have shown more and more appetite in setting their own green, social and sustainability bond frameworks. Although the market remains relatively small in Emerging Markets, the relative value of such opportunities are evaluated case by case in the context of the ESG objectives tied to the issuance. APG aims to grow its expertise in evaluating the different GSSS bonds frameworks and deal structure, as these bonds are becoming more and more relevant.

In addition to the issuance of green bonds, other forms of sustainable are emerging such as blue bonds (focusing on marine preservation) combined with debt-for-nature agreements are emerging as potential funding tools in emerging markets with debt-sustainability issues. In November 2021, such a deal took place when Belize bought back its outstanding Eurobond thanks to a Debt-for-Nature swap financed with the proceeds of a blue bond issued by the Nature Conservancy NGO (NTC). The Eurobond is thus replaced by a blue loan extended by NTC to Belize at more favorable terms. In exchange, Belize has pledged to make direct contributions to support marine conservation projects.

Belize, which is home to the world's second largest barrier reef and to the deep Blue Hole, also committed additional funds over 20 years to protect its waters, along with increasing Biodiversity Protection Zones of its ocean area. The EMD Pool was invested in this Eurobond and therefore involved in this transaction, and supportive of this solution.

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry. The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies.

The Pool has also leveraged information and data from APG's Corporate Inclusion Policy, which applies to the Quasi-Sovereign names in the universe and provides unique insight into best practices by ESG leaders vs ESG laggards. When considering investments in laggards, the Pool considers the potential scope of an engagement plan and the likelihood of success within a reasonable timeframe. The Corporate Inclusion Policy brings many benefits for the analysis of investment opportunities in quasi-sovereign issuers, as it focuses not only on E&S policies of companies, but also on corporate governance around sustainability issues. A strong management and governance around material sustainability issues is a reflection of higher management quality, which can support the Pool to take positions in quasi-sovereign issuers.

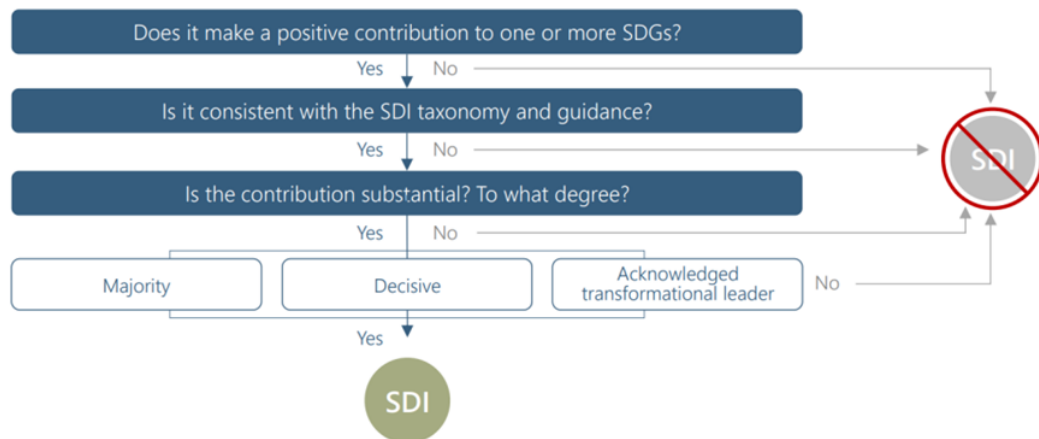
Sustainable Development Investments⁶

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website : <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁷, the Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 1, SDG 7, SDG 8, SDG 9 and SDG 13.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁷ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

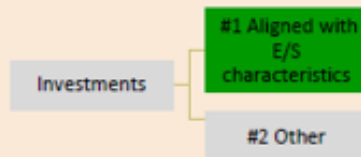


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Emerging Markets Equity Pool**
 Legal entity identifier: **NM7LXPIWW7XBP5RMO417**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁵

⁵ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments⁶

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- No Poverty (SDG 1)
- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Life Below Water (SDG 14)
- Life on Land (SDG 15)

Carbon Reduction

Another specific sustainability characteristic we promote is carbon reduction. We are reducing the carbon emissions of the companies in this Pool in line with the reduction targets set by our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies.

During 2021 APG has conducted ESG-related and specific Corporate Inclusion Policy-related engagements with investee companies in this Pool. These engagement trajectories focused on the following E/S characteristics:

Environment

Most companies we engaged with on environment in 2021 are in the Industrials, Energy and Materials sectors. Examples of engagement topics with these companies are proper governance, targets and disclosure of deforestation risks, compliance with emissions regulations, robust environmental management standards and systems, management of water use, effective management of climate risks and opportunities, reduction of green-house gas emissions, comprehensive product stewardship, and coal expansion plans.

Business ethics

Most companies we engaged with in 2021 on business ethics are in the Healthcare, Industrials and Financials sectors. Examples of engagement topics with these companies are anti-money laundering, anti-bribery and corruption, whistleblower programs, drug promotion standards, improving product distribution practices, and safeguarding against misuse and misbranding of products.

Human rights

Most of the companies we engaged with on human rights are in the Healthcare, Materials and Energy sectors. Examples of engagement topics with these companies are operational embedding of digital rights, effective management of data privacy, digital rights and security policy, respect for human rights, effective human capital management, social supplier standards, and product quality and safety.

Labor standards

Most of the companies we engaged with on labor standards are in the Consumer Discretionary, Consumer Staples and Information Technology sectors. Examples of engagement topics with these companies are cobalt supply chain due diligence, safe working conditions, development of strategies to eradicate child labor and human rights violations, and effective implementation of health and safety management.

Sustainable Development Investments⁷

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

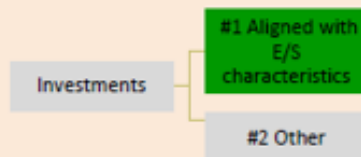


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Euro Plus Treasuries Pool**
 Legal entity identifier: **549300IEOFVRZLJ5T268**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sovereign Exclusion Policy

Based on the Sovereign Exclusion Policy this Pool does not invest in sovereign bonds that are listed by the UN Security Council Arms embargo or EU weapons embargo. Sovereign bonds are bonds issued by the central government or local government. The countries on these lists will be excluded from the investable universe. Countries that are excluded from the investable universe will also be excluded from the respective benchmarks. Since the Treasuries investment universe consist of developed market countries there are neither countries on the UN Security Council Arms nor on the EU weapons embargo list.

Sustainable Development Investments⁵

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- No Poverty (SDG 1)
- Zero Hunger (SDG 2)
- Good Health and Well-being (SDG 3)
- Affordable and Clean Energy (SDG 7)
- Decent Work and Economic Growth (SDG 8)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

Carbon Footprint

We are reducing the carbon emissions of our equity and corporate credit portfolio in line with the reduction targets set by of our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

APG released its inaugural Sovereign bonds carbon footprint report in December 2021. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

● How did the sustainability indicators perform?

Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Integration of ESG risks in investment process

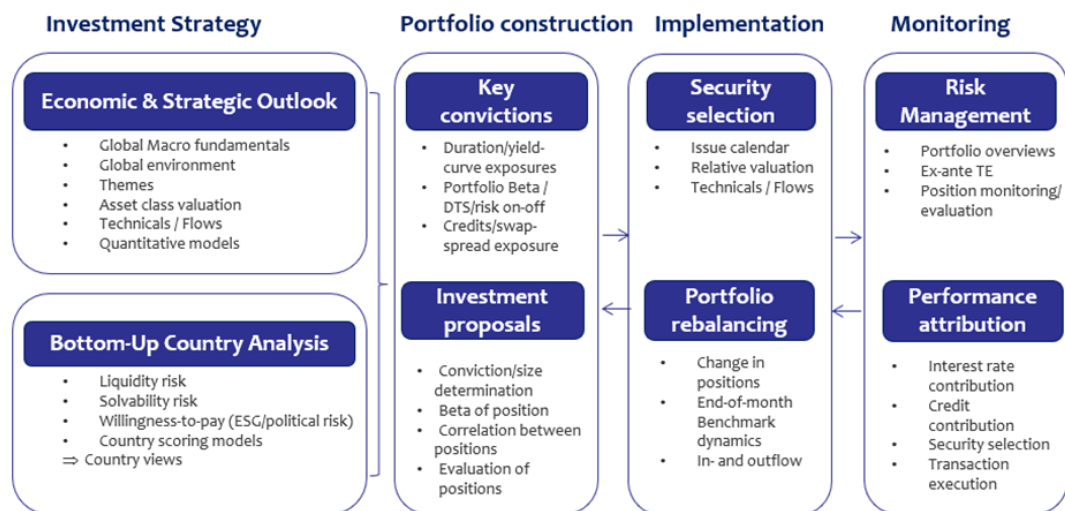
The Treasuries team has further integrated ESG risks in the fundamental country tool. The country tool is used for fundamental bottom-up analysis of countries and is periodically updated. The fundamental risk analysis is also used (in combination with valuation) to find relative value opportunities in and between Eurozone countries. The fundamental analysis focuses on the in-depth analysis of the credit risk of a country and can be divided into:

- Liquidity risk
- Solvability risk
- Willingness-to-pay (political risk)

The fundamental country tool defines ESG risks under the category Willingness to Pay and uses scores from Sustainalytics for Environment, Social and Governance. Together with the liquidity risk and solvability risk a country score is calculated and is used in reporting and monitoring.

The Sustainalytics ESG-score gives a larger weight to the overall Governance factor since governance is seen as the most significant credit risk factor. In the ESG-score we put particular focus on anti-corruption, labor standards, human rights and environmental scores.

Adding ESG to our country risk analysis provides additional insights, such as, impact of social and political factors, on sovereign credit risk and long term growth prospects which influences ratings, rates and country spreads. Additionally, we apply APG's Sovereign Bonds Exclusion policy and APG's Restricted Issuer Exclusion policy. The Sovereign Bonds Exclusion policy is based on the UN Security Council's decisions on arms embargoes.



Increased focus on SDI and RI investments and dialogue with issuers

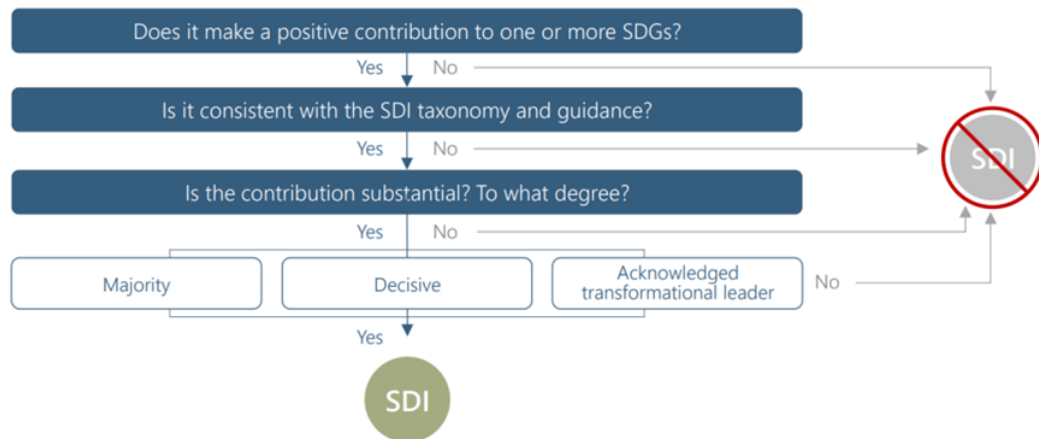
APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs)⁶.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

Responsible investing is integrated in the investment process of this Pool by preferring an SDI investment over a non-SDI investments if it does not lead to a material deterioration of the risk/return characteristics or increases the costs of our portfolio's. In the translation of our investment process into an optimal social and sustainable portfolio, we use the following guidelines to proactively increase the SDI exposure:

- Without any specific view on expected return (yield & yield expectations), risk or costs, we own all investments at benchmark weight.
- However, we manage our portfolio's (cost-)efficiently. We therefore always have the flexibility to overweight or underweight (SDI) investments versus our benchmark.
- As SDI investments are preferred, we will increase the SDI exposure of our portfolio's, if it does not materially deteriorate risk/return of our portfolio's.
- Examples of SDI investments are the WSW social housing loans, green bonds and social bonds.

In 2021⁷, this Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 1, SDG 2, SDG 3, SDG 7, SDG 8, SDG 9 and SDG 11.

WSW social housing loans

In 2019, APG was the launching customer for the online auction platform LIST Amsterdam. LIST Amsterdam makes a direct connection between institutional investors and social housing corporations. Social housing corporations need funding to make their homes more sustainable and to invest in the liability of neighborhoods. LIST Amsterdam offers the possibility to issue loans directly to institutional investors like APG. The issued loans are standardized and guaranteed by WSW (Waarborgfonds Sociale Woningbouw), which has a backstop-agreement with the Dutch government. These loans offer multiple advantages for investors. The credit risk is comparable to Dutch government bonds because of the guarantee and the backstop agreement, but the interest rate on these loans is significantly higher. In addition, due to the standardized format of the loans, operational complexity has been reduced, and APG's internal Operations team has completed a straight through processing protocol so that loans can be administered without delay and with ease. Since the initiation of the platform, APG has invested in more than 740 mln. euros of loans for the different Treasuries portfolios. The platform works well and more institutional investors are finding their way. The WSW loans fall under SDG 11 affordable housing in the APG SDI framework.

Green bonds and social bonds and dialogue with issuers

Treasuries has participated in many SDI transactions of Green bonds in 2021. A few examples of the participations in these transactions:

- APG invested €195 million in first EU green bond
- APG invested €360 million in Spanish and UK green sovereign bonds

In 2020, Treasuries participated in the SURE social bond, a new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) issued by the EC. APG invests € 170 mln. in bonds protecting employment.

Next to investing in SDI labelled bonds, Treasuries also goes in dialogue with sovereign issuers in which the issuance framework is discussed and the expenditures.

Country dashboard

In 2021, Treasuries (together with EMD) has made preliminary steps towards a data driven ESG investing environment with the onboarding of third party ESG analytics provider Maplecroft. ESG analytics are now fully embedded into our digitalization efforts, which are visible in the country dashboard made available to the whole APG organization. Furthermore, this allows the team to further integrate ESG analysis into our Fundamental analysis framework, and potentially set up the base for the refinement of ESG systematic analysis for sovereigns.

The Treasuries team has made major steps in 2021 to measure the carbon footprint of Sovereign portfolios. In 2021, APG released its inaugural Sovereign bonds carbon footprint report to which the EMD team greatly contributed. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁷ As at 30 June 2021.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

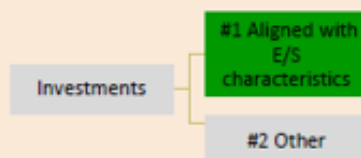


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Fixed Income Credits Pool**
 Legal entity identifier: **549300DXIO81FK92T397**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁵

⁵ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Over the past year the Credits team has promoted many environmental and social characteristics and ensured good governance practices towards its investment processes, interaction with debt capital market syndicate teams, its portfolio companies, and market peers.

Analysts leverage the information and data from the Corporate Inclusion Policy, which provides insight into which companies are ESG Leaders and Laggards. When considering investment in Laggards, analysts discuss the portfolio opportunity with portfolio managers (PMs) while considering the potential scope of an engagement plan and the likelihood of a successful engagement outcome that would enable continued investment eligibility. Over the course of the year, Credits engaged with 56 companies, resulting in 23 successful engagement outcomes and 43 engagements currently ongoing. Engagement remains a hallmark of our ESG integration process and provides another way for analysts to evaluate not only the E&S policies of companies, but also corporate governance around sustainability issues. Strong management and governance of material sustainability issues can serve as a proxy for management quality and potentially help analysts have more (or less) conviction in investment ideas. This is communicated to PMs accordingly.

Investment alignment with thematic ESG trends is another area of focus in the investment process and helps us better reflect on sector-specific risks and opportunities. Analysts and PMs often use sector reviews to discuss these longer-term sustainability trends and understand how we are positioned in the portfolio to take advantage of potential opportunities. For example, companies manufacturing heating-ventilation-air conditioner (HVAC) equipment stand to benefit from a secular trend of improving the energy efficiency of buildings/homes and should see sustained demand for years to come. This ESG consideration has further bolstered the investment case for several core holdings in the portfolio and is factored into cross-sector relative value analysis. Additionally, we can relate thematic ESG trends back to our SDI taxonomy which can potentially be used as a source of investment idea generation in the future.

We remain encouraged by the potential for SLBs to expand the universe of sustainable financing, leading to increased accountability and disclosure, but we also recognize the structure leaves room for potential greenwashing. As the SLB market continues to grow and evolve, the Credits Team has helped directly influence the market by publishing a guidelines document outlining our standards for SLBs and expectations from issuers. We subsequently published additional articles emphasizing the role we think SLBs can play in responsible investing while again highlighting our standards and expectations, and shared these with relevant market stakeholders to maximize impact. We also aimed to highlight SLBs that represented a best-in-class approach so that we can provide clear examples of the types of deal structures and real world outcomes we are looking for. For example, the Credits Team invested in the first ever hybrid green bond SLB issued in the US by a leading renewable energy utility. In addition to designated green use-of-proceeds earmarked for renewable energy projects, the projects must become operational within twelve months after issuance or be subject to a higher coupon rate. We have a favorable view on combining the features of green bonds and SLBs to create more accountability, greater transparency, and more impact. Another SLB issued by an EU Engineering company focused on reduction in scope 1 and scope 2 GHG emission intensity, with the manufacturer of mining equipment actively working on developing scope 3 measurements. We expect the latter to become part of future sustainability targets.

Although scope 3 emissions were not included in the SLB, our due diligence and engagement efforts results in a favorable view on the firm's wide sustainability initiatives, including a focus on product and technology innovation aimed at enabling net zero for customers over the longer term. We also invested in a SLB issued by a Brazilian paper company's second SLB and it was unique in combining an environmental KPI and a social KPI. We viewed their targets to reduce industrial water withdrawal intensity and increase women in leadership positions as relevant, material, and impactful.

The Credits team also frequently partners with our Global Responsible Investment and Governance (GRIG) colleagues on thematic ESG topics for our portfolio companies. The Credit analysts worked with GRIG on the topic of human capital engagement in the automotive industry. Together, we engaged directly with several major auto OEMs to understand how they are preparing (or not) their workforce for the transition to electric vehicle production. This helped contribute to the broader human capital engagement project overseen by GRIG. The team has also engaged with PRI alongside GRIG to discuss best practices in ESG integration for structured/securitized fixed income products which, to date, has been an underserved segment of fixed Income investing from an ESG perspective. Further, the Credits team engaged with the US Agency issuers following the release of their annual Green Bond Impact Report to provide feedback on the impact reporting methodology/calculations and the ability to access security-level impact data. The Credits team will use its leadership position to further develop standards in this area.

The Credits Team also engages directly with portfolio companies on a wide range of ESG topics. For a large pharmaceutical company, the team has an ongoing engagement on anti-bribery/corruption and product quality/safety topics. As a result of our efforts, the company has taken steps to improve and remediate ESG controversies by implementing stronger anti-bribery and corruption policies. The company has become more proactive in investor/stakeholder outreach on ESG issues. The company overall has become more proactive in investor/stakeholder outreach on ESG issues and the Credits Team participated in the company's materiality assessment process which allowed us to provide direct input into their strategic ESG priorities and meaningful KPI metrics. Other initiatives include creation of chief ethics and risk/compliance officer roles within the executive committee and instituting compliance as a functional responsibility embedded through its business. The company has implemented principle-based policies that put patients first, added 100 professionals to its compliance function, increased compliance-related country visits to 200 from 75, and implemented a risk-management system to help detect compliance issues.

The team engaged with a large utility to make sure it implemented robust policies to address bribery and corruption risks and that the company is committed to integrate forest fire prevention into its general sustainability and risk strategy. In recent conversations with the CEO, the company was able to outline numerous steps that have been taken on these issues, including the roll-out of a Compliance Management system and a comprehensive set of policies and procedures throughout the organization with special attention to interactions with public officials. On the issue of forest fire risk, the company is increasing capital expenditures to move cables underground, but has also established a Department of Vegetation Management and materially increased expenditures to control vegetation close to electricity lines and strengthen digital tools to support this process.

The team also initiated engagement in the aviation sector as the concept of sustainable aviation is a growing theme, albeit in its infancy. Air lessors represent an important part of the aviation value chain which is actively exploring how to better incorporate sustainability into the aircraft leasing business model. Our credit analysts engaged with industry leaders on ways to develop sustainability bond frameworks. The companies are developing standards and have been proactive with investment in new technology to measure, monitor and report. In addition, the companies are exploring the integration of customers' climate strategy and carbon footprint into the internal risk assessment process to determine how this might affect pricing offered to these customers.

Carbon Reduction Target

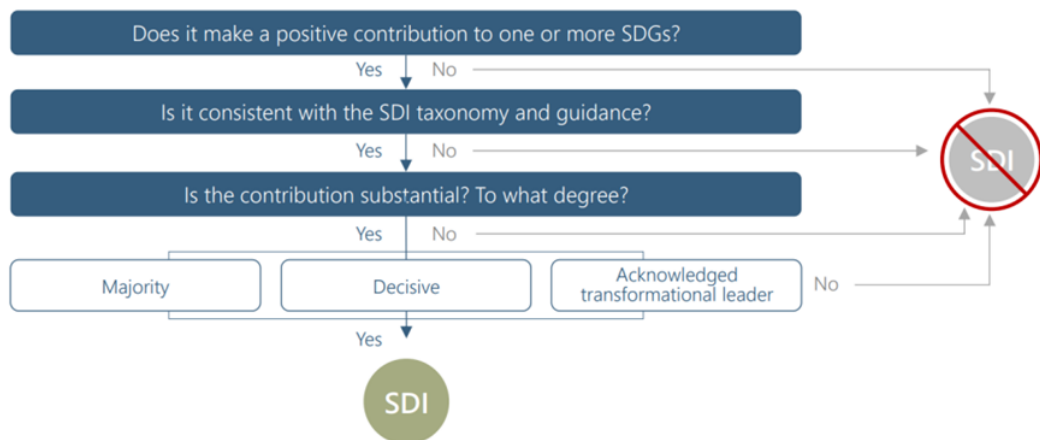
As part of our portfolio level ESG assessment, a carbon footprint calculation was done on the corporate credit investments and ongoing efforts continue to expand the coverage of the methodology and how we can measure developments in the footprint across equity and fixed income in a way that is not materially influenced by changes in the enterprise value of the companies. The Credits team is actively evaluating a potential commitment to reducing the carbon footprint from a 2019 baseline by 2030. A target will be determined in 2022. A dashboard and monitoring process will be instituted in partnership with our GRIG team and communicated to our clients.

Sustainable Development Investments⁶

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In 2021⁷, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 1, SDG 2, SDG 3, SDG 4, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 14 and SDG 15.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

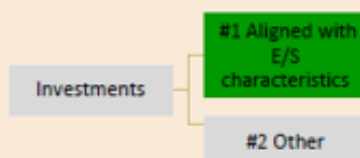


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

⁷ As at 30 June 2021.

- ***In which economic sectors were the investments made?***

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Index Linked Bonds Pool**
 Legal entity identifier: **5493003LKS4Z1MVQHQ13**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁶

⁶ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sovereign Exclusion Policy

Based on the Sovereign Exclusion Policy this Pool does not invest in sovereign bonds that are listed by the UN Security Council Arms embargo or EU weapons embargo. Sovereign bonds are bonds issued by the central government or local government. The countries on these lists will be excluded from the investable universe. Countries that are excluded from the investable universe will also be excluded from the respective benchmarks. Since the Treasuries investment universe consist of developed market countries there are neither countries on the UN Security Council Arms nor on the EU weapons embargo list.

Sustainable Development Investments⁷

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- No Poverty (SDG 1)
- Zero Hunger (SDG 2)
- Good Health and Well-being (SDG 3)
- Affordable and Clean Energy (SDG 7)
- Decent Work and Economic Growth (SDG 8)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

Carbon Footprint

We are reducing the carbon emissions of our equity and corporate credit portfolio in line with the reduction targets set by of our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

APG released its inaugural Sovereign bonds carbon footprint report in December 2021. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Integration of ESG risks in investment process

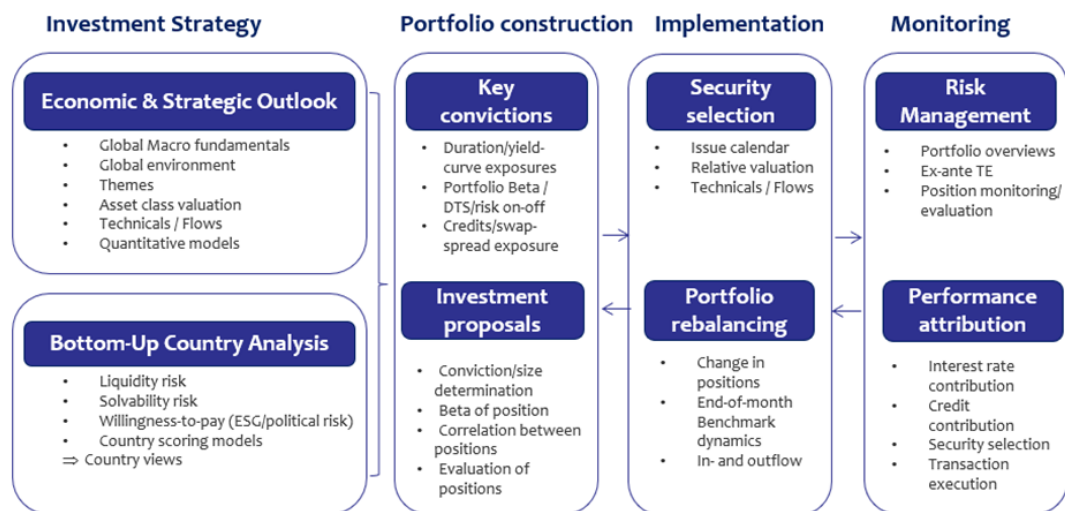
The Treasuries team has further integrated ESG risks in the fundamental country tool. The country tool is used for fundamental bottom-up analysis of countries and is periodically updated. The fundamental risk analysis is also used (in combination with valuation) to find relative value opportunities in and between Eurozone countries. The fundamental analysis focuses on the in-depth analysis of the credit risk of a country and can be divided into:

- Liquidity risk
- Solvability risk
- Willingness-to-pay (political risk)

The fundamental country tool defines ESG risks under the category Willingness to Pay and uses scores from Sustainalytics for Environment, Social and Governance. Together with the liquidity risk and solvability risk a country score is calculated and is used in reporting and monitoring.

The Sustainalytics ESG-score gives a larger weight to the overall Governance factor since governance is seen as the most significant credit risk factor. In the ESG-score we put particular focus on anti-corruption, labor standards, human rights and environmental scores.

Adding ESG to our country risk analysis provides additional insights, such as, impact of social and political factors, on sovereign credit risk and long term growth prospects which influences ratings, rates and country spreads. Additionally, we apply APG's Sovereign Bonds Exclusion policy and APG's Restricted Issuer Exclusion policy. The Sovereign Bonds Exclusion policy is based on the UN Security Council's decisions on arms embargoes.



Increased focus on SDI and RI investments and dialogue with issuers

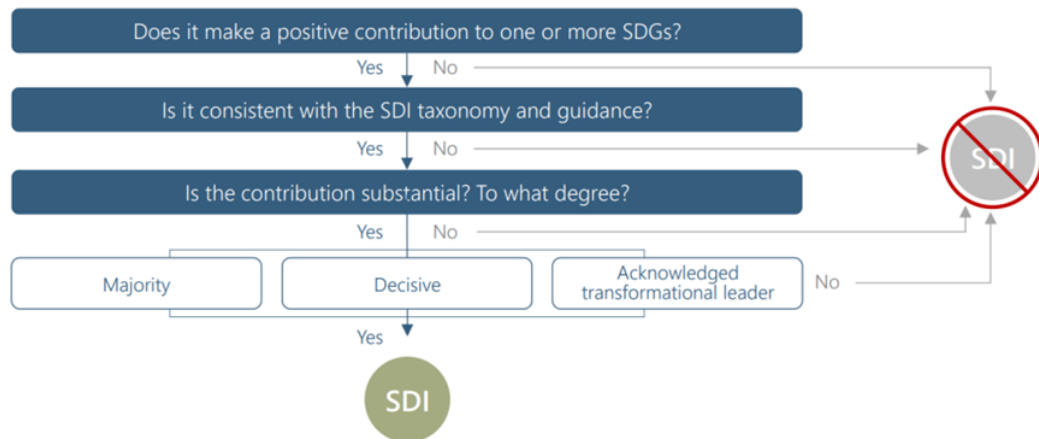
APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs)⁸.

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

Responsible investing is integrated in the investment process of this Pool by preferring an SDI investment over a non-SDI investments if it does not lead to a material deterioration of the risk/return characteristics or increases the costs of our portfolio's. In the translation of our investment process into an optimal social and sustainable portfolio, we use the following guidelines to proactively increase the SDI exposure:

- Without any specific view on expected return (yield & yield expectations), risk or costs, we own all investments at benchmark weight.
- However, we manage our portfolio's (cost-)efficiently. We therefore always have the flexibility to overweight or underweight (SDI) investments versus our benchmark.
- As SDI investments are preferred, we will increase the SDI exposure of our portfolio's, if it does not materially deteriorate risk/return of our portfolio's.
- Examples of SDI investments are the WSW social housing loans, green bonds and social bonds.

In 2021⁹, this Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 1, SDG 2, SDG 3, SDG 7, SDG 8, SDG 9 and SDG 11.

WSW social housing loans

In 2019, APG was the launching customer for the online auction platform LIST Amsterdam. LIST Amsterdam makes a direct connection between institutional investors and social housing corporations. Social housing corporations need funding to make their homes more sustainable and to invest in the liability of neighborhoods. LIST Amsterdam offers the possibility to issue loans directly to institutional investors like APG. The issued loans are standardized and guaranteed by WSW (Waarborgfonds Sociale Woningbouw), which has a backstop-agreement with the Dutch government. These loans offer multiple advantages for investors. The credit risk is comparable to Dutch government bonds because of the guarantee and the backstop agreement, but the interest rate on these loans is significantly higher. In addition, due to the standardized format of the loans, operational complexity has been reduced, and APG's internal Operations team has completed a straight through processing protocol so that loans can be administered without delay and with ease. Since the initiation of the platform, APG has invested in more than 740 mln. euros of loans for the different Treasuries portfolios. The platform works well and more institutional investors are finding their way. The WSW loans fall under SDG 11 affordable housing in the APG SDI framework.

Green bonds and social bonds and dialogue with issuers

Treasuries has participated in many SDI transactions of Green bonds in 2021. A few examples of the participations in these transactions:

- APG invested €195 million in first EU green bond
- APG invested €360 million in Spanish and UK green sovereign bonds

In 2020, Treasuries participated in the SURE social bond, a new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) issued by the EC. APG invests € 170 mln. in bonds protecting employment.

Next to investing in SDI labelled bonds, Treasuries also goes in dialogue with sovereign issuers in which the issuance framework is discussed and the expenditures.

Country dashboard

In 2021, Treasuries (together with EMD) has made preliminary steps towards a data driven ESG investing environment with the onboarding of third party ESG analytics provider Maplecroft. ESG analytics are now fully embedded into our digitalization efforts, which are visible in the country dashboard made available to the whole APG organization. Furthermore, this allows the team to further integrate ESG analysis into our Fundamental analysis framework, and potentially set up the base for the refinement of ESG systematic analysis for sovereigns.

The Treasuries team has made major steps in 2021 to measure the carbon footprint of Sovereign portfolios. In 2021, APG released its inaugural Sovereign bonds carbon footprint report to which the EMD team greatly contributed. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁹ As at 30 June 2021.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

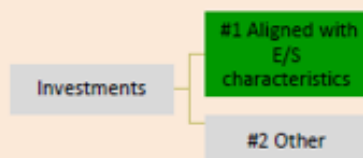


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2011**
 Legal entity identifier: **549300HE34BQ1NEA9W85**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁴**

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;
- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;

- have a public grievance and whistleblower mechanism in place;
- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;
- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

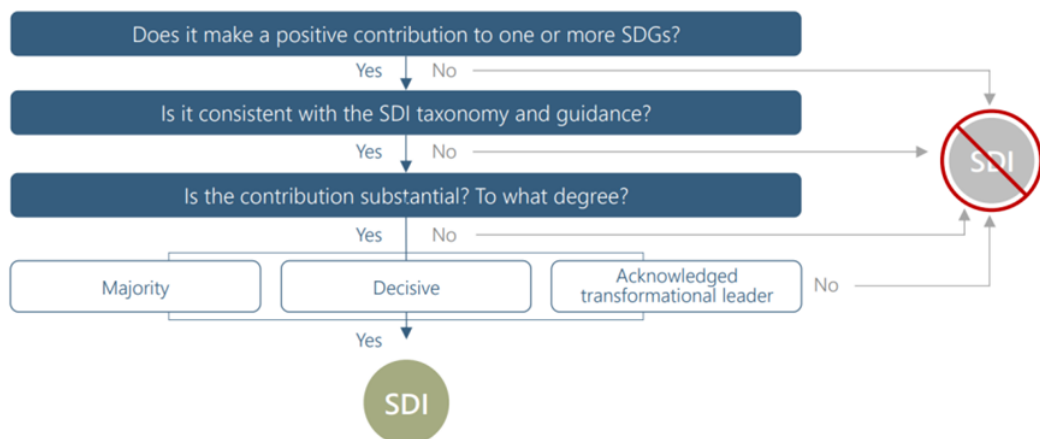
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁶, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 7, SDG 9 and SDG 11.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

⁶ As at 30 June 2021.

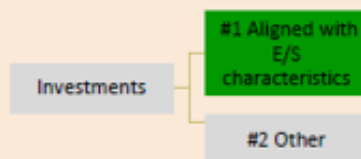


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2012**
 Legal entity identifier: **5493001ICZDKUDSoOI69**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made sustainable investments with an environmental objective: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a social objective: ____%

☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Quality Education (SDG 4)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;
- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;
- have a public grievance and whistleblower mechanism in place;

- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;
- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

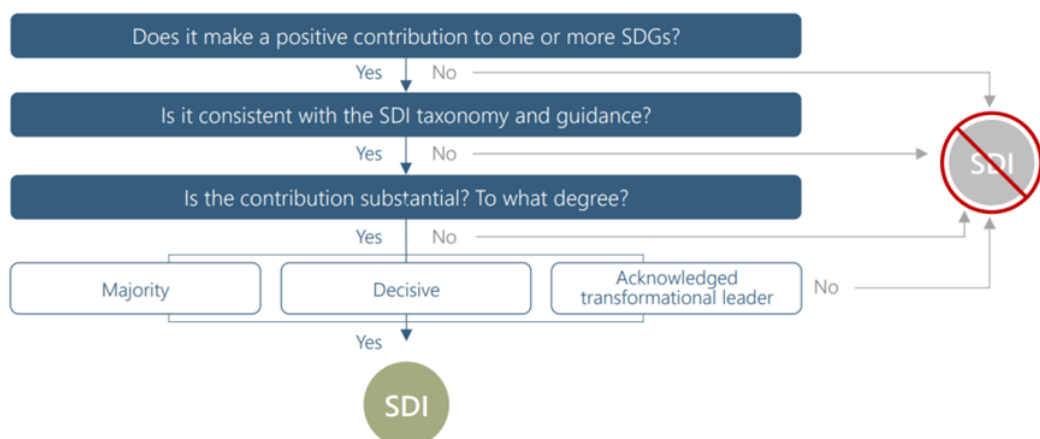
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁶, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 4, SDG 7, SDG 9 and SDG 11.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

⁶ As at 30 June 2021.

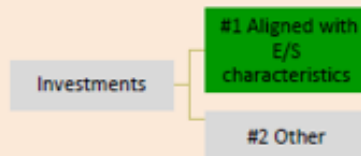


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2014**
 Legal entity identifier: **549300R0407JoSoSHQ34**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made sustainable investments with an environmental objective: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a social objective: ____%

☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**³

³ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;

- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;
- have a public grievance and whistleblower mechanism in place;
- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;
- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

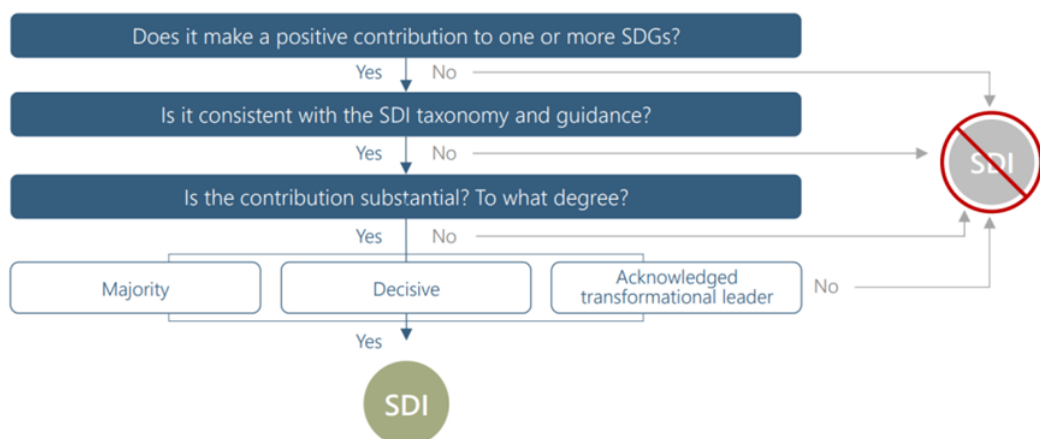
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁴

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

⁴ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁵, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 6, SDG 7, SDG 9 and SDG 11).

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁵ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

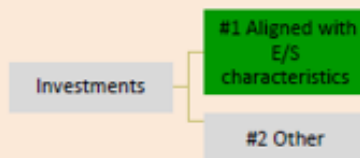


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2016**
 Legal entity identifier: **549300R0407JoSoSHQ34**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁴**

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Responsible Consumption and Production (SDG 12)

● *How did the sustainability indicators perform?*

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;
- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- have a public grievance and whistleblower mechanism in place;
- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;
- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

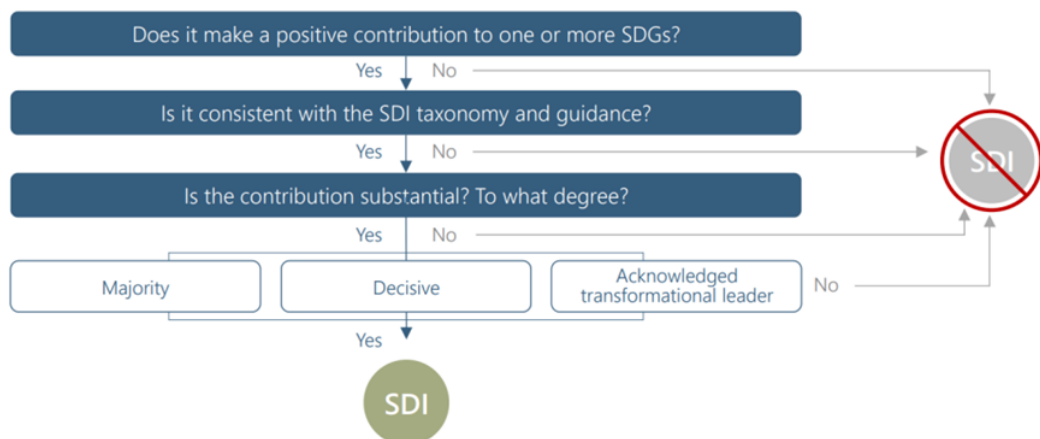
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁶, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 9, SDG 11 and SDG 12.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

⁶ As at 30 June 2021.

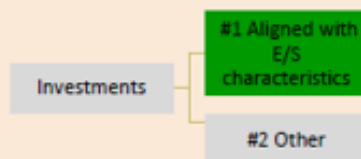


What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2017**
 Legal entity identifier: **5493002P5NWBGM8DGV31**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁴**

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;
- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;
- have a public grievance and whistleblower mechanism in place;

- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;
- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

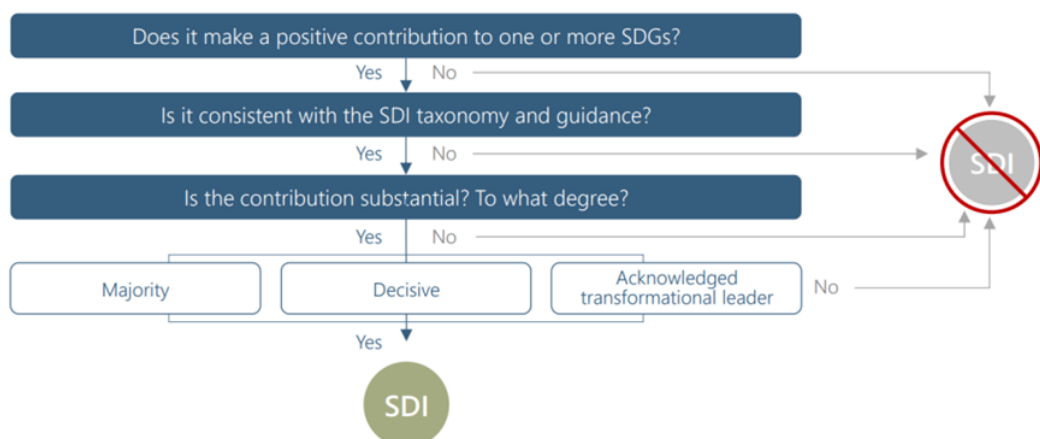
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁶, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 6 and SDG 7.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

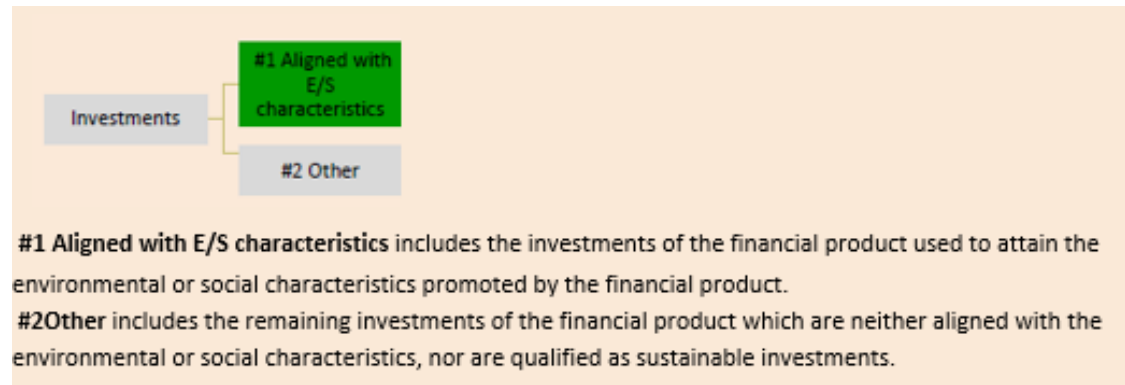
⁶ As at 30 June 2021.



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2017 II**
 Legal entity identifier: **549300LC3HEYB7QPNS35**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

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- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
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- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. These SDI's may concern the following Sustainable Development Goals which we consider investable:

- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities (SDG 11)

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;

- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;
- have a public grievance and whistleblower mechanism in place;
- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
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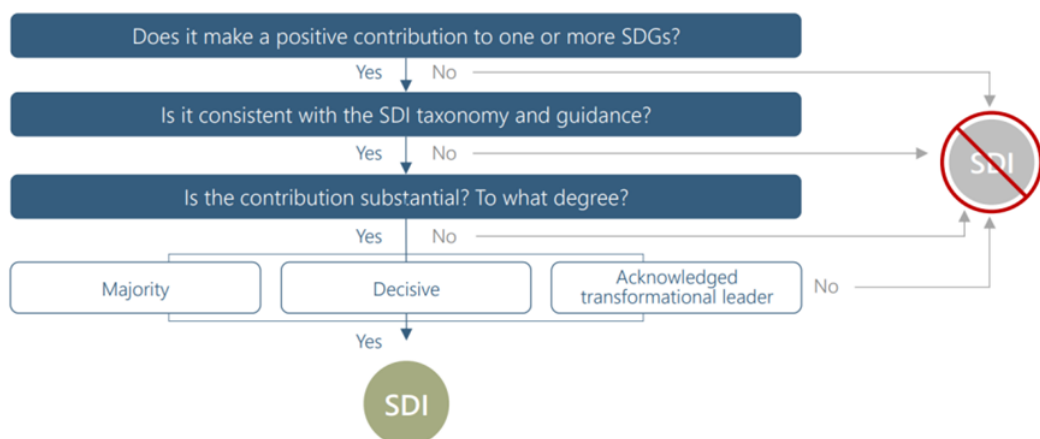
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Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

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⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁶, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 4, SDG 6, SDG 7, SDG 9 and SDG 11.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Largest investments	Sector	% Assets	Country

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

⁶ As at 30 June 2021.



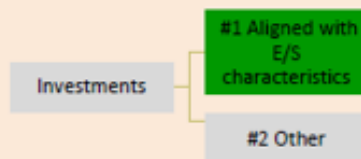
What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation

describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Infrastructure Pool 2020-2021**
 Legal entity identifier: **7245002E5YZRZZTGQF71**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made sustainable investments with an environmental objective: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a social objective: ____%

☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process we promote environmental and social characteristics for the managers, funds and companies in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the GRESB Infra assessment which we expect all our managers, funds and companies to participate in, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental risk assessment
- Social risk assessment
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Monitoring or environmental performance
- Monitoring of social performance
- Stakeholder engagement program
- Supply chain engagement program

- Stakeholder grievance process
- Stakeholder grievance monitoring
- Implementation of environmental actions
- Implementation of social actions
- Implementation of governmental actions
- Energy consumption
- Greenhouse gas emissions
- Air pollution
- Water inflows/withdrawals
- Water outflows/discharges
- Waste
- Biodiversity & Habitat
- Health & Safety: Employees
- Health & Safety: Contractors
- Health & Safety: Users
- Health & Safety: Community
- Employee engagement
- Customer satisfaction monitoring
- Infrastructure certifications/ awards

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. At this moment there are no SDI's in this Pool.

● **How did the sustainability indicators perform?**

We apply specific APG AM Infrastructure Implementation Guidelines for our investments in the Pool. These are based on our Responsible Investment Policy and explain what we expect of managers, funds or companies in which we invest during the due diligence, negotiations and monitoring phases. APG AM expects them to act in line with the UN Global Compact principles on human and labor rights, the environment and the prevention of corruption, and to participate in the annual GRESB Infra assessment. We also ask them to systematically address environmental, social and governance (ESG) matters by having a responsible investment policy in place that is in line with:

1. the Principles for Responsible Investment in Infrastructure;
2. the UN Global Compact principles;
3. the relevant International Finance Corporation (IFC) Performance Standards. We expect our direct investments to show that they are actively looking to prevent and mitigate ESG risks and to identify ESG opportunities during the ownership period.

Furthermore, we ask managers and companies to:

- operate in line with best practice standards, such as relevant ISO standards or the IFC Performance Standards for investments in non-OECD countries;
- implement a Stakeholder Engagement Approach consistent with best practice stakeholder engagement;
- have a public grievance and whistleblower mechanism in place;
- take into account the IFC Environmental, Health and Safety guidelines during due diligence;
- conduct a materiality assessment regularly to determine their material ESG issues, in dialogue with their stakeholders; and to develop policies and procedures to limit any negative impacts with regard to these material issues;

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- to commit to APG AM's reporting and monitoring requirements with regard to the expectations described above and the overall integration of ESG in the investments.

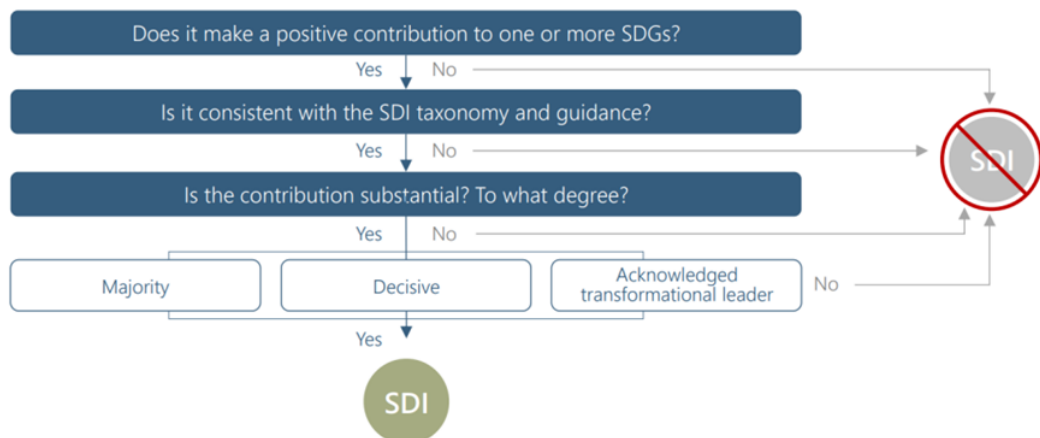
In addition to the above described approach for promoting environmental and social characteristics in infrastructure we also address these in the specific responsible investment policies, approaches and targets that we apply on behalf of our clients, and which are described further below.

Sustainable Development Investments⁵

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

In 2021⁶, this Pool was not invested in investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach.

GRESB Infrastructure Asset Assessment

In the Infrastructure Private Markets asset class every new investment undergoes a rigorous Due Diligence exercise. The GRESB ESG Infrastructure Rating System (and DD materiality toolkit) is used as a basis to determine materially relevant ESG factors based on location, asset type, size, etc. For each investment there are a standard set of ESG conditions as well as bespoke conditions tailored to the findings of the Due Diligence.

One of the standard conditions, which is the cornerstone of transparency and data disclosure, is for funds and assets to undertake the annual GRESB Infrastructure Asset Assessment survey which, as stated, covers a range of ESG factors and outputs a total score and also sub-scores across performance and management indicators. In 2021 APG continued a trend of increased participation with another EUR 2.2bn reporting which equated to 83% assets under management (up from 80% the year before). APG also aims for continued GRESB improvement year on year and we engage with all funds and assets to achieve this. The APG Infrastructure portfolio weighted total score continued this trend from 69 in 2020 to 81 in 2021 (vs. the GRESB average benchmark score which improved from 61 in 2020 to 72 in 2021).



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

⁶ As at 30 June 2021.

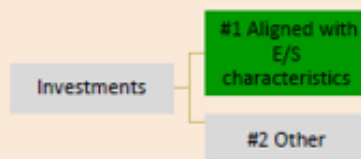


What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Long Duration Treasuries Pool**
 Legal entity identifier: **549300T4XGZVQPIWO052**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁵

⁵ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sovereign Exclusion Policy

Based on the Sovereign Exclusion Policy this Pool does not invest in sovereign bonds that are listed by the UN Security Council Arms embargo or EU weapons embargo. Sovereign bonds are bonds issued by the central government or local government. The countries on these lists will be excluded from the investable universe. Countries that are excluded from the investable universe will also be excluded from the respective benchmarks. Since the Treasuries investment universe consist of developed market countries there are neither countries on the UN Security Council Arms nor on the EU weapons embargo list.

Sustainable Development Investments⁶

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Affordable and Clean Energy (SDG 7)
- Decent Work and Economic Growth (SDG 8)
- Sustainable Cities and Communities (SDG 11)

Carbon Footprint

We are reducing the carbon emissions of our equity and corporate credit portfolio in line with the reduction targets set by of our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

APG released its inaugural Sovereign bonds carbon footprint report in December 2021. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Integration of ESG risks in investment process

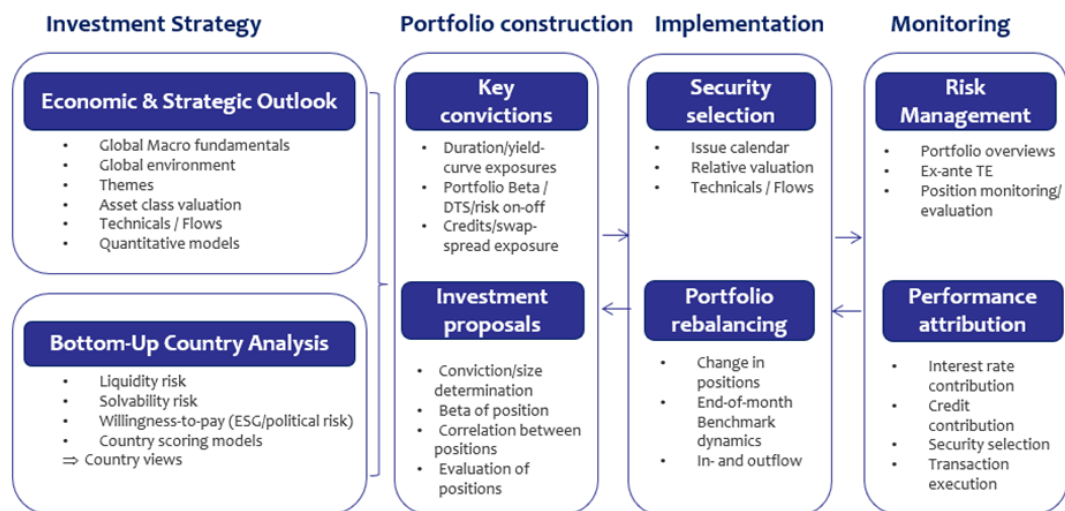
The Treasuries team has further integrated ESG risks in the fundamental country tool. The country tool is used for fundamental bottom-up analysis of countries and is periodically updated. The fundamental risk analysis is also used (in combination with valuation) to find relative value opportunities in and between Eurozone countries. The fundamental analysis focuses on the in-depth analysis of the credit risk of a country and can be divided into:

- Liquidity risk
- Solvability risk
- Willingness-to-pay (political risk)

The fundamental country tool defines ESG risks under the category Willingness to Pay and uses scores from Sustainalytics for Environment, Social and Governance. Together with the liquidity risk and solvability risk a country score is calculated and is used in reporting and monitoring.

The Sustainalytics ESG-score gives a larger weight to the overall Governance factor since governance is seen as the most significant credit risk factor. In the ESG-score we put particular focus on anti-corruption, labor standards, human rights and environmental scores.

Adding ESG to our country risk analysis provides additional insights, such as, impact of social and political factors, on sovereign credit risk and long term growth prospects which influences ratings, rates and country spreads. Additionally, we apply APG's Sovereign Bonds Exclusion policy and APG's Restricted Issuer Exclusion policy. The Sovereign Bonds Exclusion policy is based on the UN Security Council's decisions on arms embargoes.



Increased focus on SDI and RI investments and dialogue with issuers

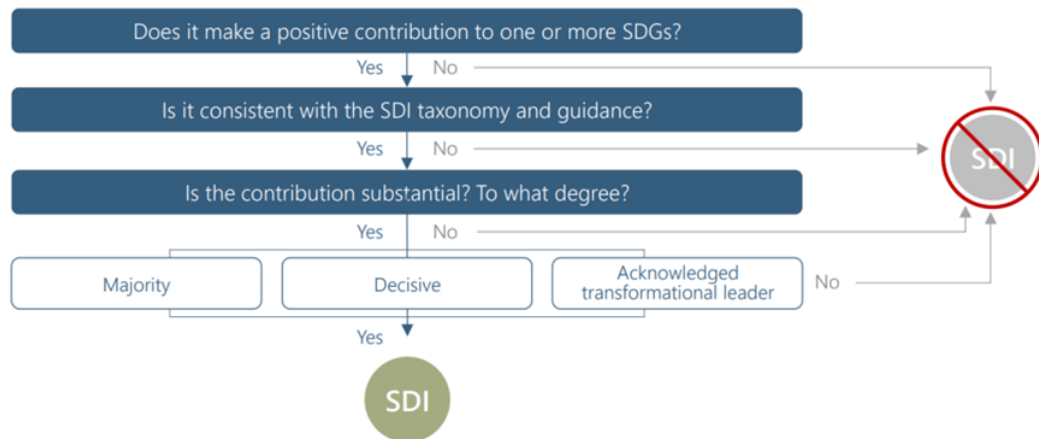
APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs)⁷.

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

Responsible investing is integrated in the investment process of this Pool by preferring an SDI investment over a non-SDI investments if it does not lead to a material deterioration of the risk/return characteristics or increases the costs of our portfolio's. In the translation of our investment process into an optimal social and sustainable portfolio, we use the following guidelines to proactively increase the SDI exposure:

- Without any specific view on expected return (yield & yield expectations), risk or costs, we own all investments at benchmark weight.
- However, we manage our portfolio's (cost-)efficiently. We therefore always have the flexibility to overweight or underweight (SDI) investments versus our benchmark.
- As SDI investments are preferred, we will increase the SDI exposure of our portfolio's, if it does not materially deteriorate risk/return of our portfolio's.
- Examples of SDI investments are the WSW social housing loans, green bonds and social bonds.

In 2021⁸, this Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these investments contribute are SDG 7, SDG 8 and SDG 11.

WSW social housing loans

In 2019, APG was the launching customer for the online auction platform LIST Amsterdam. LIST Amsterdam makes a direct connection between institutional investors and social housing corporations. Social housing corporations need funding to make their homes more sustainable and to invest in the liability of neighborhoods. LIST Amsterdam offers the possibility to issue loans directly to institutional investors like APG. The issued loans are standardized and guaranteed by WSW (Waarborgfonds Sociale Woningbouw), which has a backstop-agreement with the Dutch government. These loans offer multiple advantages for investors. The credit risk is comparable to Dutch government bonds because of the guarantee and the backstop agreement, but the interest rate on these loans is significantly higher. In addition, due to the standardized format of the loans, operational complexity has been reduced, and APG's internal Operations team has completed a straight through processing protocol so that loans can be administered without delay and with ease. Since the initiation of the platform, APG has invested in more than 740 million euros of loans for the different Treasuries portfolios. The platform works well and more institutional investors are finding their way. The WSW loans fall under SDG 11 affordable housing in the APG SDI framework.

Green bonds and social bonds and dialogue with issuers

Treasuries has participated in many SDI transactions of Green bonds in 2021. A few examples of the participations in these transactions:

- APG invested €195 million in first EU green bond
- APG invested €360 million in Spanish and UK green sovereign bonds

In 2020, Treasuries participated in the SURE social bond, a new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) issued by the EC. APG invests € 170 million in bonds protecting employment.

Next to investing in SDI labelled bonds, Treasuries also goes in dialogue with sovereign issuers in which the issuance framework is discussed and the expenditures.

Country dashboard

In 2021, Treasuries (together with EMD) has made preliminary steps towards a data driven ESG investing environment with the onboarding of third party ESG analytics provider Maplecroft. ESG analytics are now fully embedded into our digitalization efforts, which are visible in the country dashboard made available to the whole APG organization. Furthermore, this allows the team to further integrate ESG analysis into our Fundamental analysis framework, and potentially set up the base for the refinement of ESG systematic analysis for sovereigns.

The Treasuries team has made major steps in 2021 to measure the carbon footprint of Sovereign portfolios. In 2021, APG released its inaugural Sovereign bonds carbon footprint report to which the EMD team greatly contributed. The report describes how to measure the carbon footprint of APG's sovereigns bonds and how to include carbon intensity into the broader assessment of climate risk. Climate risk is categorized in physical risk and transition risk, whereas within transition risk the carbon intensity of a country and its dependency is one factor. APG favors the carbon footprint metric over the carbon intensity metric, as carbon footprint better reflects ownership of emissions based on an investment and therefore also accountability for those emissions.

⁸ As at 30 June 2021.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

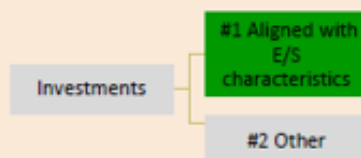


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Private Equity Pool 2014-2015**

Legal entity identifier: **549300Jl4DPJCOoYHY6o**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁷**

⁷ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Sustainable Development Investments⁸

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- No Poverty (SDG 1)
- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)
- Responsible Consumption and Production (SDG 12)
- Life on Land (SDG 15)

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Private Equity Implementation Guidelines

In 2021, APG has had to decline investments in managers that do not have ESG policies or procedures in place that meet our minimum standards or that will not comply with our side letter requirements on ESG reporting and exclusions.

We address environmental and social requirements early with a manager so that we do not waste time on managers that cannot comply at the time our investment. We also turn down several coinvests and secondary opportunities on an annual basis due to a company being a higher risk from an ESG standpoint or a company being in a higher risk industry, or in a secondary situation, on APG AM's exclusion list.

In addition to the above environmental and social characteristics, more detailed ESG factors are considered throughout the entire investment process for this Pool. For the RI Policy implementation in the selection and monitoring of external private equity managers we developed dedicated Responsible Investment Guidelines for Private Equity. The ILPA standards for governance guide our investment structuring and fee disclosure requirements. GPs are required to complete APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and be able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template.

For Primary Fund commitments APG applies the APG ESG Manager Assessment Tool to enable quantitative and qualitative comparisons between managers on ESG integration. The Tool is used for Primary Fund commitments of existing or new PE managers. Managers will be classified according to their level of development in ESG practices and past track record based on our findings in due diligence. The tool assesses a GP across six ESG areas and ultimately assigns each manager a maturity profile in one of four classifications: Leader, Comprehensive, Limited or None/Minimal. The ESG areas assessed by the ESG Manager Assessment Tool are:

1. ESG integration at GP and Portfolio levels
2. Measuring impact, monitoring and reporting of ESG factors and performance
3. Best practice responsible investment standards
4. Sustainable Development Investments
5. Climate Change - Managing Climate Change Risk & Opportunities
6. Diversity

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

In 2021, all Primary Fund commitments of existing and new PE managers completed APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and are able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template. In 2021, we saw managers who we re-upped to continue to improve their ESG programs.

Sustainable Development Investments⁹

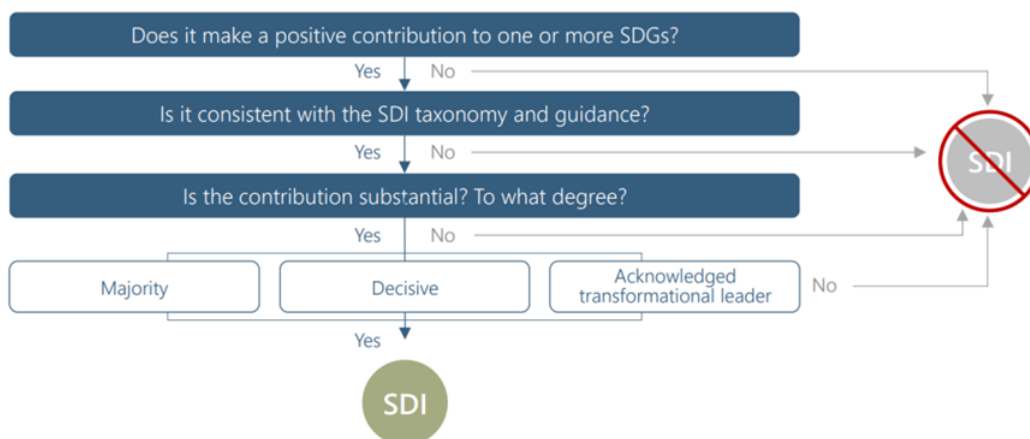
APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs).

⁹ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021¹⁰, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 1, SDG 2, SDG 3, SDG 4, SDG 6, SDG 7, SDG 9, SDG 11, SDG 12 and SDG 15.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

¹⁰ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

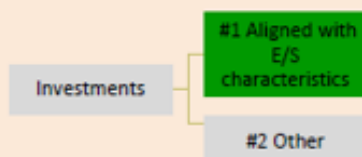


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Private Equity Pool 2016-2017**
 Legal entity identifier: **549300KGXoBBEIHQ9V94**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made sustainable investments with an environmental objective: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a social objective: ____%

☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁷

⁷ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- **Controversial weapons:** We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- **Tobacco production:** we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Sustainable Development Investments⁸

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Sustainable Cities and Communities (SDG 11)

Private Equity Implementation Guidelines

In 2021, APG has had to decline investments in managers that do not have ESG policies or procedures in place that meet our minimum standards or that will not comply with our side letter requirements on ESG reporting and exclusions.

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

We address environmental and social requirements early with a manager so that we do not waste time on managers that cannot comply at the time our investment. We also turn down several coinvests and secondary opportunities on an annual basis due to a company being a higher risk from an ESG standpoint or a company being in a higher risk industry, or in a secondary situation, on APG AM's exclusion list.

In addition to the above environmental and social characteristics, more detailed ESG factors are considered throughout the entire investment process for this Pool.

For the RI Policy implementation in the selection and monitoring of external private equity managers we developed dedicated Responsible Investment Guidelines for Private Equity. The ILPA standards for governance guide our investment structuring and fee disclosure requirements. GPs are required to complete APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and be able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template.

For Primary Fund commitments APG applies the APG ESG Manager Assessment Tool to enable quantitative and qualitative comparisons between managers on ESG integration. The Tool is used for Primary Fund commitments of existing or new PE managers. Managers will be classified according to their level of development in ESG practices and past track record based on our findings in due diligence. The tool assesses a GP across six ESG areas and ultimately assigns each manager a maturity profile in one of four classifications: Leader, Comprehensive, Limited or None/Minimal. The ESG areas assessed by the ESG Manager Assessment Tool are:

1. ESG integration at GP and Portfolio levels
2. Measuring impact, monitoring and reporting of ESG factors and performance
3. Best practice responsible investment standards
4. Sustainable Development Investments
5. Climate Change - Managing Climate Change Risk & Opportunities
6. Diversity

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

In 2021, all Primary Fund commitments of existing and new PE managers completed APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and are able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template. In 2021, we saw managers who we re-upped to continue to improve their ESG programs.

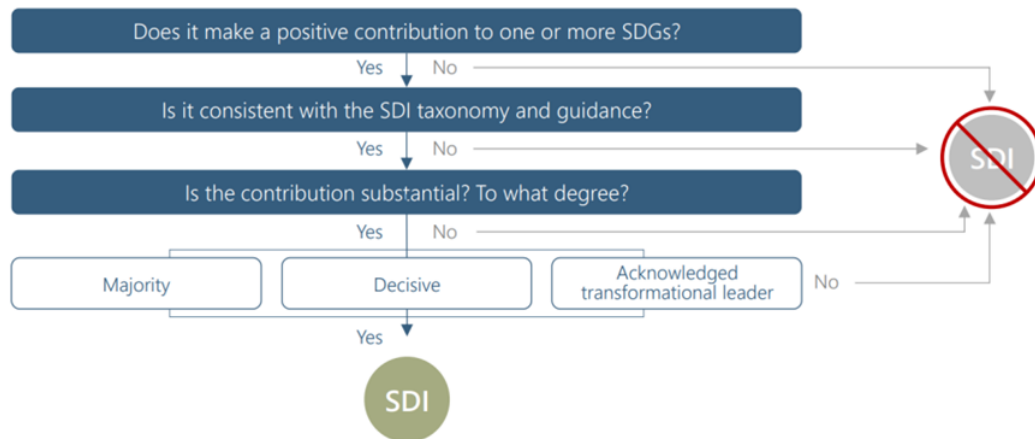
Sustainable Development Investments⁹

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁹ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021¹⁰, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 2, SDG 3, SDG 4, SDG 7, SDG 9, and SDG 11.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

¹⁰ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

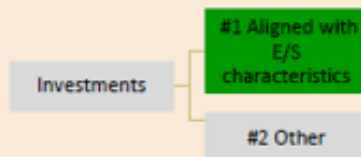


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Private Equity Pool 2018-2019**
 Legal entity identifier: **549300TJNNVQKIMZN167**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁷**

⁷ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Sustainable Development Investments⁸

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Affordable and Clean Energy (SDG 7)
- Industry, Innovation and Infrastructure (SDG 9)
- Reduced Inequalities (SDG 10)
- Responsible Consumption and Production (SDG 12)

Private Equity Implementation Guidelines

In 2021, APG has had to decline investments in managers that do not have ESG policies or procedures in place that meet our minimum standards or that will not comply with our side letter requirements on ESG reporting and exclusions.

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

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In addition to the above environmental and social characteristics, more detailed ESG factors are considered throughout the entire investment process for this Pool.

For the RI Policy implementation in the selection and monitoring of external private equity managers we developed dedicated Responsible Investment Guidelines for Private Equity. The ILPA standards for governance guide our investment structuring and fee disclosure requirements. GPs are required to complete APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and be able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template.

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1. ESG integration at GP and Portfolio levels
2. Measuring impact, monitoring and reporting of ESG factors and performance
3. Best practice responsible investment standards
4. Sustainable Development Investments
5. Climate Change - Managing Climate Change Risk & Opportunities
6. Diversity

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

In 2021, all Primary Fund commitments of existing and new PE managers completed APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and are able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template. In 2021, we saw managers who we re-upped to continue to improve their ESG programs.

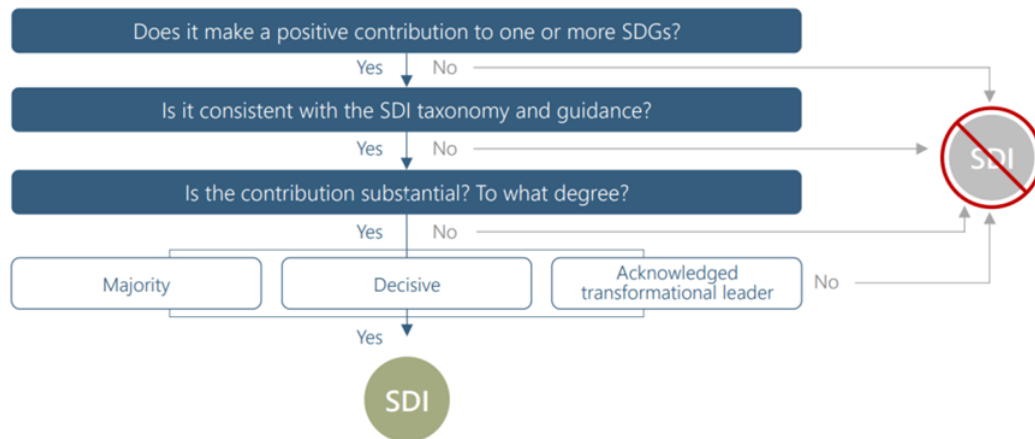
Sustainable Development Investments⁹

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁹ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021¹⁰, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 2, SDG 3, SDG 4, SDG 7, SDG 9, SDG 10 and SDG 12.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

¹⁰ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

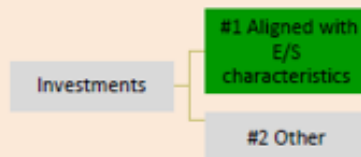


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Private Equity Pool 2020-2021**
 Legal entity identifier: **549300YJGS402TYNMT29**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective: ____%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments⁴**

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Sustainable Development Investments⁵

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Zero Hunger (SDG 2)
- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6)
- Industry, Innovation and Infrastructure (SDG 9)
- Reduced Inequalities (SDG 10)
- Responsible Consumption and Production (SDG 12)

Private Equity Implementation Guidelines

In 2021, APG has had to decline investments in managers that do not have ESG policies or procedures in place that meet our minimum standards or that will not comply with our side letter requirements on ESG reporting and exclusions.

⁵ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

We address environmental and social requirements early with a manager so that we do not waste time on managers that cannot comply at the time our investment. We also turn down several coinvests and secondary opportunities on an annual basis due to a company being a higher risk from an ESG standpoint or a company being in a higher risk industry, or in a secondary situation, on APG AM's exclusion list.

In addition to the above environmental and social characteristics, more detailed ESG factors are considered throughout the entire investment process for this Pool.

For the RI Policy implementation in the selection and monitoring of external private equity managers we developed dedicated Responsible Investment Guidelines for Private Equity. The ILPA standards for governance guide our investment structuring and fee disclosure requirements. GPs are required to complete APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and be able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template.

For Primary Fund commitments APG applies the APG ESG Manager Assessment Tool to enable quantitative and qualitative comparisons between managers on ESG integration. The Tool is used for Primary Fund commitments of existing or new PE managers. Managers will be classified according to their level of development in ESG practices and past track record based on our findings in due diligence. The tool assesses a GP across six ESG areas and ultimately assigns each manager a maturity profile in one of four classifications: Leader, Comprehensive, Limited or None/Minimal. The ESG areas assessed by the ESG Manager Assessment Tool are:

1. ESG integration at GP and Portfolio levels
2. Measuring impact, monitoring and reporting of ESG factors and performance
3. Best practice responsible investment standards
4. Sustainable Development Investments
5. Climate Change - Managing Climate Change Risk & Opportunities
6. Diversity

● *How did the sustainability indicators perform?*

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

In 2021, all Primary Fund commitments of existing and new PE managers completed APG's ESG Due Diligence Questionnaire, adhere to the APG exclusion policy, have appropriate RI policies in place and are able to meaningfully and regularly communicate to us about firm and portfolio level RI performance using the APG Reporting Template. In 2021, we saw managers who we re-upped to continue to improve their ESG programs.

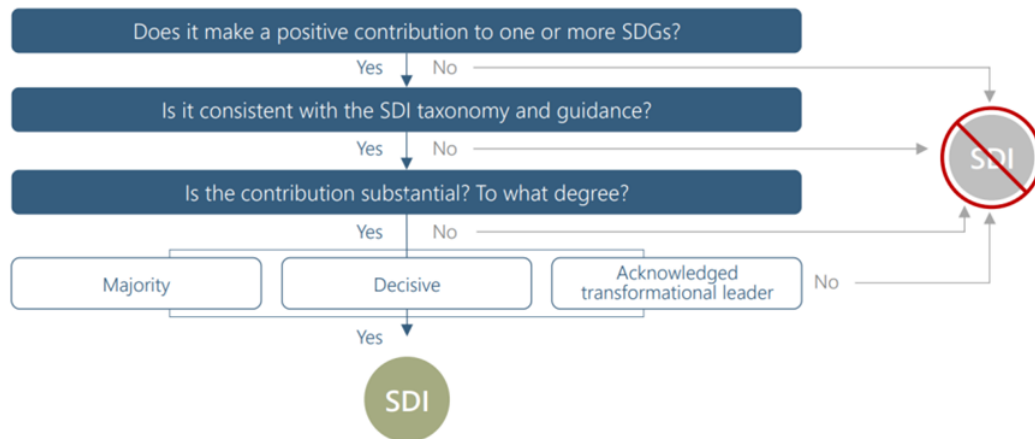
Sustainable Development Investments⁶

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁶ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁷, the Pool was invested in a number of companies which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 2, SDG 3, SDG 4, SDG 6, SDG 9, SDG 10 and SDG 12.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁷ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

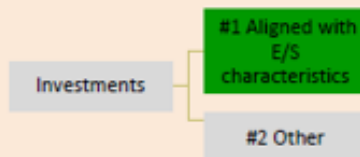


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Strategic Real Estate Pool**
 Legal entity identifier: **549300DQ4JJXMOS6JC24**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made sustainable investments with an environmental objective: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made sustainable investments with a social objective: ____%

☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁶

⁶ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Environmental and Social characteristics promoted

In our investment process for this Pool we promote environmental and social characteristics for the companies, funds, joint ventures and co-investments in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the annual GRESB assessment which we require for private investments and encourage for listed ones, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG Reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental Management System (EMS)
- Social risk assessments
- ESG due diligence for new acquisitions
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Employee training and development

- Employee satisfaction monitoring
- Employee engagement program
- Employee health & well-being program
- Employee health & well-being measures
- Employee safety indicators
- Supply chain engagement program
- Monitoring property/asset managers
- Monitoring external suppliers/service providers
- Stakeholder grievance process
- Energy efficiency measures
- Water efficiency measures
- Waste management measures
- Science-based targets
- Portfolio improvement targets
- Fit-out & refurbishment program
- for tenants on ESG
- Tenant engagement program
- Community engagement program
- Sustainability-specific requirements in
- lease contracts (green leases)
- Tenant satisfaction survey
- Monitoring impact on community
- Tenant health & well-being program
- Program to improve tenant satisfaction
- Tenant health & well-being measures
- Energy consumption data (reported at asset level)
- GHG emissions data (reported at asset level)
- Waste management data (reported at asset level)
- Water use data (reported at asset level)
- External review of water data
- External review of energy data
- External review of waste data
- External review of GHG data
- Building certifications at the time of design/construction (reported at asset level)
- Operational building certifications (reported at asset level)
- Energy ratings (reported at asset level)
- ESG strategy during development
- Site selection requirements
- Site design and development requirements
- Materials selection requirements
- Life cycle-assessments
- Embodied carbon disclosure
- Green building standard requirements
- Green building certification
- and registration coverage
- Energy efficiency requirements
- On-site renewable energy
- Net-zero carbon design and standards
- Water conservation strategy
- Waste management strategy
- Health and well-being of occupants

- On-site safety during construction
- Safety metrics at construction site
- Contractor ESG requirements
- Contractor monitoring methods
- Community engagement program
- Community impact assessment
- Community impact monitoring

Environmental and social characteristics of the investments in this Pool are addressed in the APG Real Estate Responsible Investment Implementation Guidelines based on which we set certain requirements and expectations for all investments in this Pool in the pre-investment, due diligence, and investment phase, which are further described below.

We expect investee entities to demonstrate a strong commitment, processes, and track record concerning the management of ESG issues and a strategy that has a low-ESG risk resulting from the region, nature, or type of assets. Furthermore, in the due diligence process, we perform an in-depth assessment of the root causes, measures that have been taken to avoid reoccurrence, and the residual reputation risk/liabilities from any controversies or ESG related reputational issues. Generally, we require our investments to have a responsible investment policy in place, or in the absence of one, to commit to drafting one. In that regard, we also expect the provision of documentation concerning ESG policies, process and ESG track-record, as well as examples of previous investment analyses and/or situations where ESG considerations were addressed.

Our investment process for private investments identifies potential ESG risks early through the Prudent Person Statement (“PPS”) procedure. After an initial risk assessment by the investment team, the GRIG team is required to document its assessment of the potential ESG risks for a new investment proposal. The PPS can indicate areas for follow-up by the investment team during the due diligence process. In the investment proposal that is presented to the investment committee for approval, the RE team includes its own assessment of the key ESG and reputation issues, accompanied by an ESG sign-off prepared by the GRIG team which may be positive, negative or include conditions for a positive sign-off.

Standard conditions for all new private real estate investments include:

1. the manager commits to participating in annual GRESB surveys during the life of the investment;
2. The manager commits to agreed-upon strategies aiming at achieving an above average GRESB score within three years. In addition to that we would ultimately strive for a score among the 40% highest GRESB scores (4- or 5-star rating);
3. Monitor performance of the assets against the CRREM pathways (www.crrem.eu and www.crrem.org);
4. Achieve 100% energy data coverage;
5. Green building certification of assets in operation.

In order to encourage other parties to operate sustainably and to increase the transparency and standardization of reports, we play an active role within the management boards and committees of GRESB, the European Public Real Estate Association (EPRA), the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the Asian Association for Investors in Non-Listed Real Estate Vehicles (ANREV), the Pension Real Estate Association (PREA) and the Institutional Investors Group on Climate Change (IIGCC).

Corporate Inclusion Policy

Another way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify listed companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry. The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies.

Sustainable Development Investments⁷

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If an entity contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest.

The methodology applied in determining whether an entity can be classified by APG AM as SDI is predominantly based on the annual GRESB assessment. Investments are counted as SDIs to the extent that they achieve a 4 or 5 star classification scoring. The rationale is that investments that achieve a 4 or 5 star GRESB rating have an above average focus on measuring their ESG performance and have also shown to achieve above average energy savings, thereby contributing to combatting climate change.

Other SDIs in real estate can be linked to (student) housing investments provided these are aimed at low and middle income groups. For this Pool the invested SDIs concern the following Sustainable Development Goals (SDGs):

- Decent Work and Economic Growth (SDG 8)
- Sustainable Cities and Communities (SDG 11)

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

APG promotes a long-term investment philosophy, high sustainability standards, and state-of-the-art governance as the belief is that this reduces risk and supports returns. Furthermore, certain real estate investments explicitly provide for a positive environmental and/or social impact in the real economy. Key overarching initiatives during 2021 included, but are not limited to:

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

- The circulation of a letter highlighting APG's sustainability recommendations & expectations for the real estate sector in 2022. In this letter we set out our recommendations and expectations of the listed real estate companies in our portfolios on addressing climate change which we deem fundamental to assess the sustainability of our investments and for making investment decisions that contribute to long-term sustainable value creation for our pension fund clients.
- APG partnered with NBIM and PGGM to develop a method to calculate the alignment of Real Estate assets with the Paris Climate Agreement. In partnership, a Carbon Risk Real Estate Monitor (CRREM) was developed, a method to measure the alignment/compliance with Paris Climate goals and the Dutch Client Agreement. CRREM has been recognized as the preferred methodology by the IIGCC (Net-Zero Investment Framework) and Net Zero Asset Owner Alliance (convened by UN PRI and UNEP FI).
- We worked together with G.R.E.E.N (The global real estate engagement network www.green-engagement.org) and have signed up to a joint investor statement for estate. This platform has been setup for investors to join forces, and to arrive at a shared ESG engagement agenda and work towards a global standard climate related data disclosure for real estate companies.
- APG actively supported 'green building certification' schemes and engaged with key certification providers (BREEAM, LEED, DBJ, CASBEE and GreenStar) to encourage alignment between the methodologies and integration of developed CRREM pathways in their frameworks. In order to reach our goal to double assets with green certificates by 2025 we encouraged vehicles in which we invest to certify their complete portfolio.

At the individual investee entity level engagement is an important element of the RI policy and for both listed and private investments is often closely linked to the exercise of voting rights (whenever appropriate), the ongoing monitoring of investments, and the analysis of sustainability and governance issues as part of APG's investment process and decisions. Typical issues raised in engaging with real estate entities are most commonly related to: environmental policy, (non-) participation in GRESB, and health and safety issues/worker safety at construction sites. Governance topics regularly discussed with investee companies include, but are not limited to: board independence, composition and effectiveness, executive remuneration, and capital allocation.

For results that have been achieved reference is made to the KPI's mentioned in the ESG section of this annual report. This includes the annual review of overall GRESB score/ratings compared to the average GRESB scores, the share in the portfolio of GRESB star ratings and the like-for-like savings in electricity, water, and CO₂.

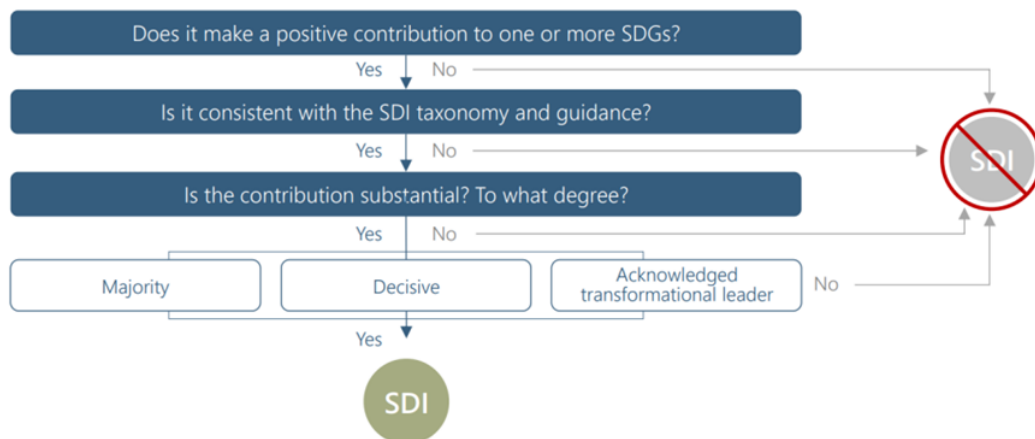
Sustainable Development Investments⁸

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>).

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁹, the Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDGs to which these companies contribute are SDG 8 and SDG 11.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁹ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

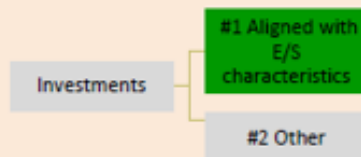


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Tactical Real Estate Pool**
 Legal entity identifier: **549300QBO64V7D63M460**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁶

⁶ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- Controversial weapons: We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- Tobacco production: we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

In our investment process for this Pool we promote environmental and social characteristics for the companies, funds, joint ventures and co-investments in which we invest during the due diligence, negotiations and monitoring phases. More specifically, through the annual Global Real Estate Sustainability Benchmark (GRESB) assessment which we require for private investments and encourage for listed ones, we address and promote the following E/S characteristics:

- Policies on environmental issues
- Policies on social issues
- ESG Reporting
- ESG incident monitoring
- ESG incident occurrences
- Environmental Management System (EMS)
- Social risk assessments
- ESG due diligence for new acquisitions
- Resilience of strategy to climate-related risks
- Transition risk identification
- Transition risk impact assessment
- Physical risk identification
- Physical risk impact assessment
- Employee training and development
- Employee satisfaction monitoring

- Employee engagement program
- Employee health & well-being program
- Employee health & well-being measures
- Employee safety indicators
- Supply chain engagement program
- Monitoring property/asset managers
- Monitoring external suppliers/service providers
- Stakeholder grievance process
- Energy efficiency measures
- Water efficiency measures
- Waste management measures
- Science-based targets
- Portfolio improvement targets
- Fit-out & refurbishment program
- for tenants on ESG
- Tenant engagement program
- Community engagement program
- Sustainability-specific requirements in
- lease contracts (green leases)
- Tenant satisfaction survey
- Monitoring impact on community
- Tenant health & well-being program
- Program to improve tenant satisfaction
- Tenant health & well-being measures
- Energy consumption data (reported at asset level)
- GHG emissions data (reported at asset level)
- Waste management data (reported at asset level)
- Water use data (reported at asset level)
- External review of water data
- External review of energy data
- External review of waste data
- External review of GHG data
- Building certifications at the time of design/construction (reported at asset level)
- Operational building certifications (reported at asset level)
- Energy ratings (reported at asset level)
- ESG strategy during development
- Site selection requirements
- Site design and development requirements
- Materials selection requirements
- Life cycle-assessments
- Embodied carbon disclosure
- Green building standard requirements
- Green building certification
- and registration coverage
- Energy efficiency requirements
- On-site renewable energy
- Net-zero carbon design and standards
- Water conservation strategy
- Waste management strategy
- Health and well-being of occupants
- On-site safety during construction

- Safety metrics at construction site
- Contractor ESG requirements
- Contractor monitoring methods
- Community engagement program
- Community impact assessment
- Community impact monitoring

In order to encourage other parties to operate sustainably and to increase the transparency and standardization of reports, we play an active role within the management boards and committees of GRESB, the European Public Real Estate Association (EPRA), the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the Asian Association for Investors in Non-Listed Real Estate Vehicles (ANREV), the Pension Real Estate Association (PREA) and the Institutional Investors Group on Climate Change (IIGCC).

Corporate Inclusion Policy

Another way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

The characteristics we use for assessing the ESG performance of companies under the Corporate Inclusion Policy are based on what we consider business relevant within an industry. The issues we find relevant are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines. Secondly, besides helping us to focus on the ESG issues that have the greatest potential to impact return, a thorough understanding of industry-specific risks also enhances the dialogue between portfolio managers and companies. Prevailing criteria under the Corporate Inclusion Policy for Real Estate entities is to have an anti-bribery and corruption and whistleblower policy in place.

Sustainable Development Investments⁷

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If an entity contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest.

The methodology applied in determining whether an entity can be classified by APG AM as SDI is predominantly based on the annual GRESB assessment. Investments are counted as SDIs to the extent that they achieve a 4 or 5 star classification scoring. The rationale is that investments that achieve a 4 or 5 star GRESB rating have an above average focus on measuring their ESG performance and have also shown to achieve above average energy savings, thereby contributing to combatting climate change.

⁷ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

Other SDIs in real estate can be linked to (student) housing investments provided these are aimed at low and middle income groups. For this Pool the invested SDIs concern the following Sustainable Development Goal (SDG):

- Sustainable Cities and Communities (SDG 11)

● **How did the sustainability indicators perform?**

APG promotes a long-term investment philosophy, high sustainability standards, and state-of-the-art governance as the belief is that this reduces risk and supports returns. Furthermore, certain real estate investments explicitly provide for a positive environmental and/or social impact in the real economy. Key overarching initiatives during 2021 included, but are not limited to:

- The circulation of a letter highlighting APG's sustainability recommendations & expectations for the real estate sector in 2022. In this letter we set out our recommendations and expectations of the listed real estate companies in our portfolios on addressing climate change which we deem fundamental to assess the sustainability of our investments and for making investment decisions that contribute to long-term sustainable value creation for our pension fund clients.
- APG partnered with NBIM and PGGM to develop a method to calculate the alignment of Real Estate assets with the Paris Climate Agreement. In partnership, a Carbon Risk Real Estate Monitor (CRREM) was developed, a method to measure the alignment/compliance with Paris Climate goals and the Dutch Client Agreement. CRREM has been recognized as the preferred methodology by the IIGCC (Net-Zero Investment Framework) and Net Zero Asset Owner Alliance (convened by UN PRI and UNEP FI).
- We worked together with G.R.E.E.N (The global real estate engagement network www.green-engagement.org) and have signed up to a joint investor statement for estate. This platform has been setup for investors to join forces, and to arrive at a shared ESG engagement agenda and work towards a global standard climate related data disclosure for real estate companies.
- APG actively supported 'green building certification' schemes and engaged with key certification providers (BREEAM, LEED, DBJ, CASBEE and GreenStar) to encourage alignment between the methodologies and integration of developed CRREM pathways in their frameworks. In order to reach our goal to double assets with green certificates by 2025 we encouraged vehicles in which we invest to certify their complete portfolio.

At the individual investee entity level engagement is an important element of the Responsible Investment policy and for both listed and private investments is often closely linked to the exercise of voting rights (whenever appropriate), the ongoing monitoring of investments, and the analysis of sustainability and governance issues as part of APG's investment process and decisions. Typical issues raised in engaging with real estate entities are most commonly related to: environmental policy, (non-) participation in GRESB, and health and safety issues/worker safety at construction sites. Governance topics regularly discussed with investee companies include, but are not limited to: board independence, composition and effectiveness, executive remuneration, and capital allocation.

For results that have been achieved reference is made to the KPI's mentioned in the ESG section of this annual report. This includes the annual review of overall GRESB score/ratings compared to the average GRESB scores, the share in the portfolio of GRESB star ratings and the like-for-like savings in electricity, water, and CO₂.

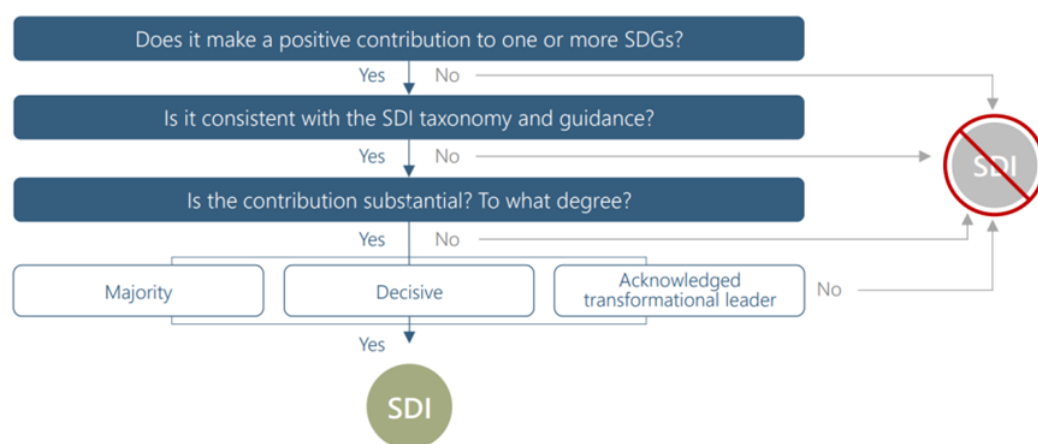
Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Sustainable Development Investments⁸

APG has set an investment ambition related to the Sustainable Development Goals (SDGs) for 2025 to which investments in this Pool contribute. We actively seek investment opportunities which contribute to the SDGs with their products and services. We call these Sustainable Development Investment (SDIs). Just like all other investments in our portfolio, SDIs must meet our criteria for return, risk and cost. If a company contributes to the achievement of the SDGs, we see this as an important advantage and an extra argument to invest in that company.

The methodology applied in determining whether a company can be classified by APG AM as SDI consists of several steps for which we apply the following decision tree.

SDI DECISION TREE



First, we determine whether the company/asset in question has a positive contribution based on the SDI Taxonomy & Guidance. (see APG website: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>)

Then we determine whether the contribution is substantial and as a result a contribution type is assigned. For example, revenue generated by company's products and services positively contributing to the SDGs should amount at a minimum to 10% of its total revenue in order for the company to classify as an SDI. In addition to a revenue-based classification method, the SDI AOP also applies other classification methodologies for certain sectors.

In a further step APG AM applies an additional controversy check. This finally determines whether we classify a company as SDI and therefore count towards our SDI exposure.

In 2021⁹, the Pool was invested in a number of investments which we consider Sustainable Development Investments (SDIs) in accordance with APG AM's SDI approach. The SDG to which these investments contribute is SDG 11.



How did this financial product consider principal adverse impacts on sustainability factors?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

⁸ Please note that Sustainable Development Investment in the context of this report does not refer to sustainable investment as defined in the SFDR.

⁹ As at 30 June 2021.



What were the top investments of this financial product?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

Largest investments	Sector	% Assets	Country

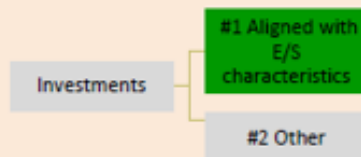


What was the proportion of sustainability-related investments?

● What was the asset allocation?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● In which economic sectors were the investments made?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please note that this part will be completed when prescribed by the final version of the Regulatory Technical Standards of the Sustainable Finance Disclosure Regulation (EU/2019/2088).

Annex

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: **APG Developed Equities RI Index Pool**
 Legal entity identifier: **5493001YQD855GI4Y506**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

☐ It made **sustainable investments with an environmental objective**: ____%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective**: ____%

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**⁴

⁴ APG AM may invest in sustainable investments, but chooses not to actively promote this yet, since the exact requirements and technical regulatory standards are not final yet.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

Corporate Exclusion Policy

Based on the Corporate Exclusion Policy this Pool does not invest in companies involved in:

- **Controversial weapons:** We do not invest in companies that are involved in the production, sale or distribution of cluster munitions, anti-personnel mines, nuclear, chemical or biological weapons. We define involvement as production, sale and/or distribution of the core weapon system, or components/services of the core weapon system that are considered tailor made (or dedicated) for the weapon or weapons system and essential (key) for the lethal use of the weapons. Regarding nuclear weapons, we exclude companies involved in the production, development, sale and/or distribution of the core weapon system. We also consider companies a) involved in the production, development, sale and/or distribution, b) deriving revenues from components or services that are considered tailor-made (or dedicated) for the weapon or weapon system and components or services that are considered essential (key) for the lethal use of the weapon or weapon system.
- **Tobacco production:** we define involvement as companies that derive revenues from the production of tobacco products. This relates to companies engaged in manufacturing and producing tobacco products such as cigars, cigarettes, e-cigarettes, beedi, kretek, smokeless tobacco, reconstituted tobacco leaf, snuff, snus, and chewing tobacco. It also includes companies that grow or process raw tobacco leaves.
- This Pool also does not invest in companies which are indirectly involved through corporate ownership in excluded companies, if:
 - a. the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or
 - b. more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

Corporate Inclusion Policy

The main environmental and social characteristics which are promoted by this Pool are defined in the context of the UN Global Compact themes and the expectations of investors and companies under the OECD Guidelines which form the basis of the methodology of our Corporate Inclusion Policy. These (non-exhaustive) environmental and social characteristics concern for example:

Environment

- CO₂-emissions
- Expansion of coal capacity
- Water use
- Waste

Business Ethics

- Bribery & corruption
- Anti-money laundering
- Lack of whistleblower program

Human rights

- Data privacy & safety
- Community relations

Labor rights

- Health & safety
- Working conditions

Sustainable Development Investments

Other environmental and social characteristics which are promoted by this Pool are related to the investments we consider Sustainable Development Investments (SDI) in accordance with APG AM's SDI approach.

Carbon Reduction

Another specific sustainability characteristic we promote is carbon reduction. We are reducing the carbon emissions of the companies in this Pool in line with the reduction targets set by our pension fund clients. APG AM is mapping out how much carbon is emitted by companies we invest in through equities and how much of this is attributable to us (carbon footprint). All pension fund clients have a target for carbon reduction for the listed equity and corporate credit portfolio. This is an absolute emissions reduction target, not a relative intensity target, and implemented by allocating annually decreasing carbon budgets to investment strategies, which ensures effective integration into the investment decision-making process. Carbon footprint data is calculated on a daily basis for the purpose of carbon footprint reduction in equities and fully integrated into key portfolio management systems.

● ***How did the sustainability indicators perform?***

Sustainability

indicators measure how the environmental or social characteristics promoted by the financial product are attained.

This Pool was established in September 2021. Therefore, there is no full-year information available yet about the performance of the environmental, sustainability and social characteristics of this Pool.

Corporate Inclusion Policy

One way in which we assess the performance of the companies in this Pool on sustainability indicators is by means of the application of the Corporate Inclusion Policy. The main objective of the Corporate Inclusion methodology is to be able to meaningfully identify companies in our portfolio that are considered to be leading on ESG ('leaders'). The intention is to ensure that companies' performance is assessed in comparison with their peers (relative dimension), while still requiring that companies work towards good ESG practices, regardless of whether it has (yet to) become standard within a company's peer group (normative dimensions). The method allows us to identify the ESG-'leaders' and ESG-'laggards' to inform investment decisions. The Corporate Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in.

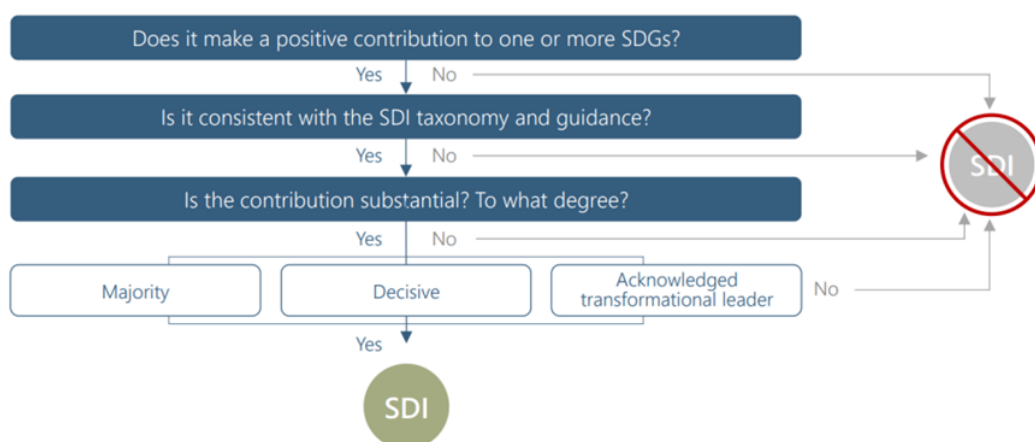
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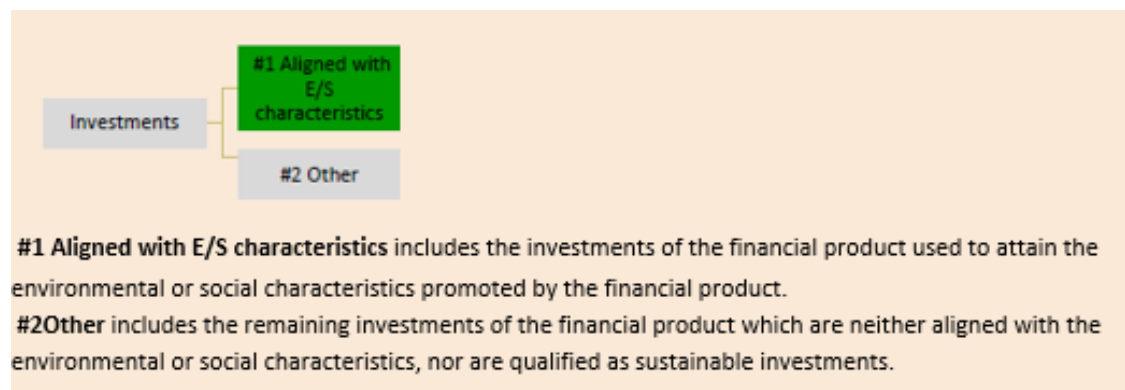


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