

Welcome to your CDP Climate Change Questionnaire 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

APG is one of the world's largest pension investors. At the end of June 2022, the assets we manage for our pension funds and their 4.8 million participants in total represented a value of approximately 553 billion euros. And we are actually quite proud of that. To manage these assets as responsibly as possible, it is our ambition to achieve attractive and sustainable investment returns for our customers, in a responsible way. So that we can always ensure a good and affordable pension. For current and future generations.

We pursue an active investment policy for our funds. By managing the trusted assets in this way, and given the enormous scale of the assets we manage, we wield the kind of clout that enables us to really put sustainable investment into practice. To truly make a difference. Being one of the world's largest pension investors empowers us to set more requirements and, whenever necessary, get companies to comply with sustainability criteria. And so that is exactly what we do.

Our Asset Management unit is home to over 700 highly educated and highly experienced investment professionals. For every possible investment category, we have a dedicated group of highly educated specialists. As a result, we have the in-house expertise to be able to manage approximately 75% of our assets internally. This, in turn, allows us to operate very cost-efficiently.

APG also currently supplies index products that emphatically match the sustainability ambitions of Dutch pension fund clients and are actively managed by us. Although APG is and remains an active investor, in this way we meet the wishes of smaller funds in particular to be able to implement their sustainable & responsible investment policy in a cost-effective manner.

We have a global presence, with APG offices in Amsterdam, Heerlen, Brussels, New York, and Hong Kong, as well as satellite sites in Beijing and Shanghai. Thanks to this global spread, pension funds and their participants can take advantage of extensive local investment expertise. And they can take advantage of our access to great investors, specialist investment options, and mandates with external asset managers. On top of that, our scale empowers us to negotiate attractive conditions. We pass these benefits on to our funds and their participants, thus contributing to stable long-term returns and low costs.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2021	December 31, 2021	No

C0.3

(C0.3) Select the countries/areas in which you operate.

- Hong Kong SAR, China
- Netherlands
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

- Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	No	
Investing (Asset manager)	Yes	Exposed to all broad market sectors
Investing (Asset owner)	No	
Insurance underwriting (Insurance company)	No	

C1. Governance

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure
Investing (Asset manager)	Yes

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Investing (Asset manager)	Yes

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Transition plan

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Investing (Asset manager)

Type of exclusion policy

Thermal coal
Oil from tar sands

Year of exclusion implementation

2,021

Timeframe for complete phase-out

Other, please explain
Subject to revenue thresholds, no concrete phase-out date.

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Description

APG AM excludes companies that are exposed to thermal coal mining with a 30% revenue threshold, or tar sands with a 20% revenue threshold.

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

We are a dedicated asset manager for Dutch occupational pension funds. As a result, we only have a limited number of clients with high levels of Responsible Investment Policies. Although we have no formal minimum requirement towards our clients, we frequently engage with our clients on their Responsible Investment policies and actively encourage them to develop those further. In addition, our services include providing advice to our clients on Responsible Investment policies development.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

Climate-related requirements included in selection process and engagement with external asset managers

Yes

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

All assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Include climate-related requirements in investment mandates
Include climate-related requirements in requests for proposals
Review investment manager's climate-related policies

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

Climate-related requirements for external managers are assessed in the due diligence phase. We have minimum requirements with respect to Responsible Investment for any external manager, which are included in the RfI. The respective policies are reviewed in the due diligence phase, and several requirements are included in the investment mandate. All managers must comply with the APG exclusion policy, which includes exclusions motivated by climate (e.g. thermal coal and tar sands). In addition, depending on the mandate, carbon footprint and carbon reduction can be specified in the mandate as well. On an annual basis, managers are reviewed, including their RI and climate performance.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Portfolio target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2,022

Portfolio

Investing (Asset manager)

Product type/Asset class/Line of business

Fixed income
Listed equity

Sectors covered by the target

All sectors

Portfolio coverage of target

100

Target type

Portfolio emissions

Target type: Absolute or intensity

Absolute

Metric (or target numerator if intensity)

tCO₂e

Base year

2019

Percentage of portfolio emissions covered by the target

100

Interim target year

2,025

Target year

2,030

Target status in reporting year

underway

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

Please explain target coverage and identify any exclusions

Please note we have not yet disclosed baseline level carbon footprints.

Please note that our target (established in 2022) is phrased as follows: Reduction of the absolute carbon footprint (tCO₂e based on attribution using EVIC) of the listed equity and fixed income portfolios by 50% between 2019 and 2030.

We anticipate setting other targets for the following asset classes:

For the asset class Real Estate, measurement and target setting will be focused on the CRREM framework (% of portfolio aligned with CRREM pathways and average stranding year).

For the asset class Infrastructure, measurement and target setting will be based on the percentage of assets that has established net zero targets.

For other asset classes we do not yet consider the data and methodologies mature enough.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Year target was set

2022

Target coverage

Investing (Asset manager)

Target year for achieving Net Zero:

2050

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

Please explain target coverage and identify any exclusions

In 2022, APG established that 61% of our AUM is being managed in line with achieving Net Zero emissions by 2050.

This percentage is based on the AUM of the following asset classes: Equities, Fixed Income Credits, Real Estate and Infrastructure.

We aim to increase the percentage over time by expanding measurement and target setting to multiple asset classes (Including Sovereign Bonds, Private Equity)

The interim target is phrased as follows: Reduction of the absolute carbon footprint (tCO₂e based on attribution using EVIC) of the Equities and Fixed Income Credits portfolios by 50% between 2019 and 2030.

For the asset class Real Estate, measurement and target setting will be focused on the CRREM framework (% of portfolio aligned with CRREM pathways and average stranding year).

For the asset class Infrastructure, measurement and target setting will be based on the percentage of assets that has established net zero targets.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target

Unsure

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Investing / other, please specify/ entire portfolio

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify:

Sustainable Development Investments (SDI) Asset Owner Platform

Description of product

In 2017, APG and co-developed a framework (taxonomy) to determine which companies contribute to the SDGs with their products and services. We call these investments Sustainable Development Investments (SDIs). These are used to Invest in companies/assets aligned with the Sustainable Development Goals, including specific goals such as SDG 7 (Clean & Affordable Energy). Only SDI related to SDG 7 are specified below.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

20,800,000,000

% of total portfolio value

3.3%

Type of activity financed/insured or provided

Low-emission transport

Renewable energy

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our investees

Yes, our customers/clients

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Types of clients: Clients of asset managers (Asset owners)

Type of engagement: Education/information sharing

Details of engagement

Run an engagement campaign to educate clients about your climate change performance and strategy

Run an engagement campaign to educate clients about climate change

Provide asset owner clients with information and analytics on net zero investing and climate risk and opportunity

Work in partnership with asset owner clients on decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management

Collect climate change and carbon information at least annually from long-term clients

Engage with clients on measuring exposure to climate-related risk

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investees.

Type of engagement: Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership
Support climate-related shareholder resolutions
Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner
Initiate and support dialogue with investee boards to set Paris-aligned strategies

Impact of engagement, including measures of success

Please see the APG annual Responsible Investment report for detailed disclosure about our engagement with investee companies including outcomes and measures of success

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

Yes

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder:

Exercise voting rights directly

Percentage of voting disclosed across portfolio:

100

Climate-related issues supported in shareholder resolutions:

Climate transition plans
Climate-related disclosures
Aligning public policy position (lobbying)
Emissions reduction targets
Board oversight of climate-related issues

Do you publicly disclose the rationale behind your voting on climate-related issues?:

Yes, for some

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage indirectly through trade associations

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?:

No, and we do not plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

A regulatory council keeps oversight on the policy activities. The policy team regularly coordinates with the Global Responsible Investment & Governance team to align the agenda and align positions.

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Asia Investor Group on Climate Change (AIGCC) CDP Signatory Climate Action 100+ Montreal Pledge Net Zero Asset Managers Initiative	Our involvement in listed collaborations vary from commitment, membership, advisory, network and surveys. In some cases, we have co-founded initiatives and have employees hold positions within the board. APG is committed to developing standards that can advance responsible investment and global collaboration between institutional investors is an important element in successfully tackling these challenges.

Principles for Responsible Investment (PRI)	
The Investor Agenda Roundtable on Sustainable Palm Oil (RSPO)	

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate
Investing (Asset manager)	Yes / Portfolio emissions

C-FS14.1a

(C-FS14.1) Provide details of your organization's portfolio emissions in the reporting year.

Portfolio emissions (metric unit tons CO₂e) in the reporting year:

19,000,598

Portfolio coverage:

61.3%

Emissions calculation methodology:

The Global GHG Accounting and Reporting Standard for the Financial Industry

Please explain the details and assumptions used in your calculation:

Please see the full appendix in the APG Responsible Investment report providing detailed disclosure on methodology, details and assumptions

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world
Investing (Asset manager)	Yes

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

Assessment of alignment of clients/investees' strategies with a 1.5°C world

Yes, for some

Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world

We face data limitations in assessing all investee companies to what extent they are aligned with a 1.5C world. Therefore, our main focus is on companies with a high impact on climate change.

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Please also see the APG Responsible Investment report 2021, which can be found:

<https://apg.nl/media/fjdfceoc/responsible-investment-report-apg-2021.pdf>

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

Job title
Senior Responsible Investment & Governance Manager

Please confirm how your response should be handled by CDP

	Response permission
Please select your submission options	Public

The European Climate Pact Submission

Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.

Yes, we wish to pledge to the European Climate Pact through our CDP disclosure