Annual Report 2024

APG Groep NV

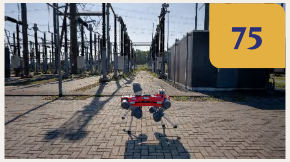
Contents

3 Foreword

7 About APG
8 Who we are and what we do
10 Our core activities
12 Our world today and tomorrow
14 How we create value
19 Our ambitions and our strategy

25 Our results in 2024
27 Effective control of pension administration
30 Services
34 Public support for the pension system
37 Social returns
44 Climate and the environment
49 Financial returns
56 Administration costs
59 Transparency and compliance
61 Agile organization
65 Digitalization

70 Our financial position
71 Our financial position



75 Our governance
76 Corporate governance
80 Our remuneration policy
84 Risk management

94 Sustainability statement
97 Introduction
111 Environment
126 Social
146 Business conduct

170 Message from the SB

177 Financial statements
179 Consolidated financial statements
220 Parent company financial statements

234 Other information
236 Independent auditor’s report
248 Assurance report
253 About this report

Foreword

2024 in the picture: Green light
Work and (Re)Integration Pension Fund (PWRI in Dutch), that APG works for, decided at the beginning of December to switch to the new pension system as of January 1, 2025.

Focus and show courage

And suddenly the day arrived: January 1, 2025. An almost magical date that APG – and actually the whole pension sector – has been diligently working towards over the past years, months, weeks, days and nights. A date on which law became reality. It marked the end of an era of negotiations and preparations, and we could finally start on a period of implementation. This date saw two of the pension funds APG works for – the pension fund for people with poor job prospects PWRI and our 'own' PPF APG – make the transition to the new Dutch pension system. Only one other pension fund in the Netherlands also made the switch, even though over twenty others had been planning to do so, but ultimately decided not to. I am not exaggerating when I say that it was a courageous move on our part.

Joint effort

We are the pioneers in a historic transition. The launch of the new pension system is, after all, the biggest system change in the history of the Dutch pension sector. Together with the pension funds, regulators and social partners, APG succeeded in integrating two funds in a controlled manner. I am extremely proud of this. All the more because I know just how hard we worked to achieve it, and because it was emphatically a joint effort throughout the value chain. All the parties had embarked on a new, as yet unfamiliar course. The fact that this method was successful bodes well for the next phases of this transition.

But no matter how justified our feelings of pride: this is only the beginning. Even while we are crossing the t's and dotting the i's for PWRI and PPF APG, the 2026 transition of the bpfBOUW, Schoonmaak and SPW funds is just around the corner. These are bigger pension funds, with more participants, totaling 1.3 million – considerably more than the roughly 200,000 of the first wave. This will be a more intense operation. Luckily, we now know how to do it, and where we can improve.

2024 taught us that. It was not just a busy year, but an eventful one, in different ways. A year when the terrible wars in Ukraine and Gaza continued to take their toll. A year characterized by seismic shifts in the global political landscape: Donald Trump was re-elected as president of the US, while in European politics ambitions around sustainability and diversity seemed to level off further. In the Netherlands, Prime Minister Dick Schoof and his government took office, but there are still many uncertainties about decisions in a variety of policy areas. It was a good year for the financial markets: equity markets surged worldwide by 20%, partly fueled by a huge increase in the value of American tech companies. Artificial intelligence was given an even more prominent place in our lives.

The four transitions of APG

We will have to wait and see how all these developments will restructure the world. One thing is certain: our world, the world of APG, will look different after the transition, with stricter laws and regulations, and higher demands placed on pension funds. And in order to justify our existence in the new reality, and to remain a healthy, solid organization, we will have to change the way we do things in a number of areas.

In 2024, we were fully engaged in the further redesign of the APG of the future. We did and are still doing that by means of four

Annette Mosman, Chair, APG Executive Board

simultaneous transitions, which are interlinked. In addition to the transition to the new pension system, there are three other transitions that will determine the future of our organization.

The second transition is happening at APG Asset Management. ABP, our biggest pension fund client and major shareholder, amended its investment principles at the beginning of 2024. The fund opted more explicitly for index investing, and wants to invest more in social impact investments, including in the Netherlands. To shape these investment principles in the best way possible, APG Asset Management modified its strategy. This led to a number of organizational changes in 2024.

The third transition emerges from ABP's renewed vision on the outsourcing of its services. Under the new system, regulators explicitly place more responsibilities on the shoulders of the pension funds themselves. This is why ABP wants to have greater control over the way that APG will execute the fund's strategy after the transition. To that end, ABP developed a new long-term vision, in which the fund expresses its preference of having APG eventually exclusively handle ABP's investments. But not before a good alternative is found for our other clients.

When it comes to administration and mandatory communication, the shared service provision environment should remain intact, serving all the funds and thereby letting them benefit from efficiency and an economy of scale. Because ABP has increasing ambitions when it comes to providing service to its participants, the fund wants us to set up dedicated customer service teams. In ABP's vision, there is space for APG to play a role in consolidating the pension sector after the transition.

This vision of course has consequences for our organization; in 2025 we will start working on our strategy, taking into account ABP's new vision. This third transition will also not be achieved overnight. We are taking the time – the expectation is three to five years – to get a good picture of the options, make choices and implement them in a controlled way, with input from our stakeholders.

Future-proof IT

The fourth transition involves our costs and the IT landscape at APG. We will be reducing the costs so that we can continue to maintain a healthy business model at going market rates after switching to the new system. APG is also digitalizing on all fronts. In 2024, we kept working on a more secure and future-proof IT environment. We took the first steps towards working with AI, we are already working in the cloud, and we have set up a data platform where we can easily save and provide access to all relevant data. A new IT environment will give us the capability of further gearing up automation and showing that we are in control. This is of strategic importance for retaining the confidence in the pension system. After all, our work is about the financial future of many people in the Netherlands, and that means we have to be accountable. In 2024, we built the foundation; in 2025 we'll be taking further steps. Our priority is that data concerning funds, participants and employers is secure with APG at all times.

Digitalization also mean a different way of working. We need innovations to work smarter and more productively. Our activities and internal processes will be changing, and other competencies will be demanded of our staff. This, too, is a process that will take years to complete. One thing is certain: working more efficiently will help us lower costs, both in pension administration and asset management. That is essential, among other things because of the huge additional expenses we have incurred and will continue to incur in the transition to the new pension system.

Our aim is to realize maximum pension value for our pension fund clients' participants. These transitions will help us meet that goal, though I am fully aware of the impact they will have on our organization and our people. That is why it is our duty, also my duty, to weigh up alternatives carefully and remain transparent about changes.

Making choices

When the rules of the game are changing, you have to keep an eye on the bigger picture. This requires focus. Focus on the greater good, on the right activities, on our people – without losing the broader perspective. Focus means having the courage to make choices. It means starting things, but also stopping things. Being honest about who we are, about what we are good at and what we can do better. That also means showing courage. We showed our courage over the past year, and in 2025 and the years ahead we will keep doing that. So that going forward we can be an organization that is sustainable for future generations, we have to be prepared to do some things that are unpleasant. But everyone, employees in any position whatsoever, have every reason to trust in the future. Together, we have proven that we can achieve something really beautiful.

We can be proud to work at an organization that has a positive impact on society, with the services we provide to pension funds, their participants and employers. And let us also remember that we are collaborating brilliantly with all our partners to build a new pension system that still maintains the principle of solidarity. This is a great good in a world that, right now, is becoming more and more polarized above all.

Annette Mosman
Chair of the Executive Board,
Amsterdam/Heerlen, March 11, 2025

About APG

2024 in the picture: A new government
On Tuesday, July 2nd, Prime Minister Dick Schoof's government was sworn in by King Willem-Alexander.

Who we are and what we do

APG provides pension administration services for eight pension funds: ABP, bpfBOUW, SPW, Pensioenfonds Schoonmaak, PWRI, SPMS, Pensioenfonds voor de Architectenbureaus and PPF APG. This makes us one of the largest pension administrators in the Netherlands. On behalf of the pension funds, we serve a total of 4.7 million participants. These are people who work or have worked in the public sector, in education, in construction, for a housing association, in the cleaning sector, in sheltered employment, as medical specialists, as architects or at APG itself.

APG administers these participants' pension rights, collects their pension contributions, and makes sure their pension benefits are paid on time. We also support and advise the pension fund boards. On behalf of the pension funds, we offer information and guidance to both participants and employers, whether through our Customer Contact Center or online. Employers are important partners in this respect, as they are close to the participants. We support them in fulfilling their administrative obligations and tasks, and when giving their employees information.

Asset management
APG manages the assets acquired with paid pension contributions for ABP, bpfBOUW, SPW, and PPF APG — and their participants. We aim to use the investments we make on behalf of the funds to grow the assets in the long term. This money is invested responsibly, something both we and our pension fund clients find important. We achieve returns on investment to ensure decent pensions for present and future generations — for today, tomorrow, and beyond.

Sustainable society
While financial returns are essential, pensions are about people, about life, and about living together as a community. That is why we also look beyond financial returns. Just like the pension funds we work for, we too are interested in contributing to a sustainable society. Relevant issues are solidarity between generations, circularity, the climate, standards and values, diversity, and digitalization.

In 2024
APG looked after the pensions of

4.7 million participants

22.5 thousand employers

In 2024
APG received
€17.7
billion in contributions on behalf of clients

In 2024
APG paid out
€19.0
billion in benefits on behalf of clients

In 2024
APG managed
€616
billion in assets on behalf of clients

In 2024
APG invested in
5,048
parties for clients

Who does APG work for?

The eight **pension funds** we work for – our pension fund clients – instruct us in what we do. On behalf of these funds, we serve the affiliated employers and pension participants. We take care of pension administration for all of these funds and handle asset management for some of them. We assist the **employers** who are affiliated with our pension fund clients. They pay the pension contributions to the funds, and APG collects the contributions and invests the money on the funds' behalf.
Millions of people make use of our services: **participants**, surviving dependents, and current and former partners. Active participants are those employees who are affiliated with our clients through their employer. Dormant participants are employees who were previously employed by these employers and who have not yet retired. APG pays the retired participants pensions on behalf of the funds.

Because what use is a decent pension if the world around you has become unlivable?

New pension system
That world is changing. Our pension system too will look different. The Netherlands will transition to a new system. That has been established with the Wtp (Future of Pensions Act), which came into effect in 2023. The new system must be implemented by the pension funds by January 1, 2028, at the latest. The first two pension funds, PWRI and PPF APG, both clients of APG, made the transition to the new pension system on January 1, 2025. The transition is an immense task, one that we have to tackle in close collaboration with the pension funds and social partners.

Alongside this new reality, which we are right in the middle of, operations for the current system continue unabated. We do all this with approximately 4,500 staff members (3,800 internal employees and 700 external colleagues) in our offices in Amsterdam, Heerlen, New York, Singapore, and Hong Kong, and the satellite branch in Brussels. Our staff dedicate themselves every day to the people this is all for: the participants in our pension funds.

Thanks to our 100 years of experience – first under the auspices of ABP and then, since 2008, as an independent organization – APG understands what pensions are really about. We put that knowledge and expertise to use, for example by contributing to the public debate on behalf of our pension funds. We want to help enhance people's understanding of pensions and ensure that everyone in the Netherlands is better capable of making their own choices about their pensions.

Our core activities

Pension administration

APG takes care of all aspects of the pension administration for the eight pension fund clients. That means we are responsible for maintaining the administrative records, providing legal and actuarial advice to the funds, communicating with and assisting participants and employers, and advising pension fund boards. But APG also collects the contributions, pays the pensions, and provides the annual pension statement.

Asset management

APG Asset Management manages assets worth €616 billion (as of year-end 2024) on behalf of four funds, of which ABP is the largest. The aim is to maximize the pension value while operating in accordance with our clients' objectives with regard to responsible investing. We seek to earn high returns in a sustainable and responsible manner, taking acceptable risks within the limits set by the policies of our pension funds, while paying due attention to the costs. APG invests for the long term, keeping our pension funds' liabilities in mind.

Clients

APG works for eight different funds.

Over two thirds of the amount paid out as pensions comes from returns on investments. This contributes significantly to the affordability of the pension funds' pension schemes.

Fiduciary management
APG's fiduciary services, which we have developed together with our pension fund clients, stand out for the way we define three roles in the investment process.

Fiduciary Management is the adviser for the pension funds that we serve. Portfolio Management implements our investment mandates. Risk Management continually monitors whether the investment process and the investments themselves remain within the agreed limits. The pension fund boards issue the investment mandates, which are then drawn up with advice from Fiduciary Management. The latter also assesses how these mandates should be implemented. Around two thirds of investments are managed by our in-house investment teams; the rest are managed by external specialists, who work under our supervision. When making investments, we take into account environmental, social, and governance (ESG) criteria. Advising the funds on issues such as human rights, diversity, the environment, and climate change is an integral part of the services we offer.

APG develops new instruments and partnerships. This supports the funds we invest for within the framework of socially responsible investment. This is also what the pension participants want. Research shows that they expect the contributions they pay to be invested responsibly. On behalf of the funds, APG invests in a wide range of asset classes, including equities, bonds, and alternative investments such as real estate, private equity, and infrastructure. In the investment process, we use various sources and tools to perform in-depth analyses of companies and their profits. In this way, we improve our models and ensure we control the risks even better, and increase the returns on the investment portfolio.

> “
> **When making investments, we take ESG criteria into account**

Our world today and tomorrow

A lot is happening in the world around us that affects APG's pensions and the work we do, whether directly or indirectly. Examples include economic and geopolitical developments, and the advent of the new pension system.

2024 was a varied and complex year, with global events heavily impacting the investment world. In some cases, the economic and financial developments can be characterized as a return to "normal", while other key movements brought unprecedented changes over the course of the year.

The aftermath of the growth and inflation shocks caused by the COVID-19 pandemic of 2020 seemed to have ended in 2024. Total inflation in the eurozone, which was still 10.6% at the end of 2022, dropped to under 2% in September 2024. In the United States, the consumer price index put inflation in that same month at 2.4%. In both regions, the gradual drop in the core inflation rate seemed to be a continuing trend (with a rebound trend in the fourth quarter), on course to reach the goal of 2%.

The gross domestic product (GDP) also moved in a positive direction and grew steadily after the dramatic swings caused by the COVID-19 pandemic. Growth was especially strong in the US, thanks to the economic agenda pursued by the Biden administration, which included a series of government subsidies and investments. This all contributed to the booming economy in the run-up to the elections in November. The cycle was somewhat less favorable in Europe. The industrial sector in Germany, for example, was hit by a strong headwind due to high energy prices and a dropping demand for exports.

Growth potential
The deviation from normal growth was considered to be temporary for both the US and Europe. A growth rate closer to the potential is forecast for the coming year. This is 2 to 2.5% for the US, and 1 to 1.5% for the eurozone. The Chinese economy developed differently. 2024 was again a challenging year, despite 5% growth. The expectation is that China will experience moderate growth in 2025.

These relatively standard macroeconomic developments can mostly be attributed to the foundation that was laid in recent decades, since the independent central banks and strict financial regulations have inhibited inflation, without pushing the economy into recession or causing a financial panic.

Troubling shadow
At the same time, a range of other events in 2024 cast a troubling shadow on the positive developments. For instance, the two major military conflicts in Ukraine and the Middle East that increased in intensity. Russian troops made gains in the war on Ukraine, assisted by Iranian materiel and North Korean personnel, while Ukraine was able launch a counteroffensive into Russian territory. The war in the Middle East also continued throughout 2024. After the Hamas attack on Israel of October 7, 2023, Israel attacked both Hamas and Hezbollah, while also undertaking an armed confrontation

with Iran, marked by rocket attacks and bombing carried out by both sides. Israel and Hamas have now agreed on a truce, but it is still unclear where this will lead.

It is worrying that the financial markets seemed to ignore the risks posed by these developments, and yet it can also be explained by the fact that the regions are of little financial importance to both Europe and the US. This is why these two military conflicts are scarcely visible in the economic statistics for 2024. But further escalation could potentially lead to immense economic and financial consequences.

The best labor market in years

In the US, President Joe Biden's policy of financing growth through deficit (government subsidies and investments were funded by monetary loans) delivered the best labor market in years. The huge price increases of the past few years were also an influential factor, causing many Americans to continue to feel angry in 2024. This played into the hands of Donald Trump. The Republicans won the November elections. Moreover, in addition to the presidency, the Senate and House of Representatives also fell to into the hands of the Republicans. Trump's victory opened the door to an economic program of import tariffs, deregulation and restrictions on immigration, something that could undermine the post World War II institutional structure – a structure that enabled globalization.

Mountain of debt

The results of the elections in the US are therefore having an enormous impact, but it was certainly not the only important election in 2024. In the United Kingdom, the Labour Party returned to power, while in France, early elections delivered a fragmented parliament and an uneasy coalition government, which only lasted three months. In many cases, a political power struggle ended up pushing the global mountain of debt into the background. The International Monetary Fund (IMF) even issued a warning to governments that 100 billion dollars may be too much government debt for the world to pay back sustainably.

The extreme weather events all over the globe were also worrying. 2024 was officially the hottest year on record. The hurricanes Helene and Milton in the US and the torrential rains in the Spanish region of Valencia together took over hundreds of lives and caused enormous damage. This makes it even more disappointing that the 2024 climate conference in Baku delivered so little in the fight against climate change.

Striking and understandable

Worldwide developments were huge and multifaceted in 2024. The fact that the financial markets ignored the risks posed by conflict zones and primarily concentrated on positive developments is striking, but also understandable. The decision of the Western central banks to lower base interest rates in June (the European Central Bank) and September (the Federal Reserve) played a role. Partially on account of this, shares listed on the stock exchange had an excellent year. The long-term interest rate slid slightly in Europe while rising in the US. Alternative assets and real estate also chalked up considerable returns.

How we create value

We work with the pension funds to create good pensions. We are striving for growth across the board: growth in assets, people, and society. Prosperity and well-being are at the heart of our endeavor.

APG dedicates itself to creating maximum pension value for society, the pension funds, employers, and participants. We do this in various ways:

- We invest pension contributions collectively and in an responsible way for four pension funds. With the returns achieved, we are contributing to the affordability of the pension system.
- We provide controlled administration of pension schemes for eight Dutch pension funds. At the same time, we provide 4.7 million participants with high-quality information about their pensions when they need it.
- We strive to deliver high-quality services in line with the market at responsible prices. This helps maximize revenue for participants.
- As a financially healthy organization, we generate responsible long-term returns for our shareholders.
- We provide an inclusive working environment for our staff and actively commit to equal opportunities and equal pay for equal work or work of equal value.

In our value creation model, we show how we create value, how we contribute to the United Nations Sustainable Development Goals (UN SDGs), and what our intended impact is on people and society. By contributing to these development goals, we are promoting prosperity and helping protect the planet against climate change.

Our material themes

The context in which we operate is changing constantly. These changes affect our work, both directly and indirectly. The APG value chain is inextricably linked with the value chains of our pension fund clients, as they outsource their pension administration and — in some cases — asset management to us. Thus it is only by working together that we can make a real impact and contribute to the UN's Sustainable Development Goals. In doing so, APG also takes into account the expectations and goals of all stakeholders. Our stakeholder dialogue policy can be found on the APG website. In it, we explain how we take the interests of our key stakeholders into account when determining our sustainability strategy.

Every three years, we perform a materiality assessment, which is updated annually. This materiality assessment helps ensure that APG's strategy, policy, and levels of accountability are in line with the expectations, demands, and wishes of all our stakeholders, and foster our sustainable long-term value creation.

Double materiality

In 2023, we performed a comprehensive double materiality analysis (DMA). The principle of a double materiality analysis is mutual interdependance, whereby relevance operates in two directions. Impact materiality assesses the company's influence on the environment and society, while financial materiality focuses on the financial impact on the company itself.

At the beginning of 2024, the 2023 DMA was brought up to date. This did not lead to any significant changes in the material topics. These topics provide direction for the strategy and form a point of departure for managing business operations. This DMA was also used for sustainability reporting, but leaving out a few material topics that did not come under the scope of the report. More information about this can be found in chapter 5.

The ten material topics are:

- Effective control of pension administration
- Client and participant-driven organization
- Public support for the pension system
- Social investment returns
- Energy transition, climate change, and loss of biodiversity
- Financial investment returns
- Responsible and transparent administration costs
- Transparency and compliance
- Agile organization
- Digitalization and artificial intelligence

Stakeholders

The UN's Sustainable Development Goals

APG wants to help create a more sustainable world. Even though we believe all 17 of the UN's Sustainable Development Goals are tremendously important, we focus on four goals that are a good fit with APG's identity. We focus on our core activities of pension administration and asset management, on making our business operations more sustainable and inclusive, and on our local social responsibility. We are developing measurement instruments that will help us to get a better picture of our contributions, and consequently put us in a better position to increase our positive impact and lower our negative impact.

SDG 1: No poverty

In previous years, our objective was to improve the financial fitness of more than one million pension participants by 2025. APG has re-evaluated and recalibrated this objective many times in recent years. In 2024, we aimed to give pension participants good information about the advantages and disadvantages of choices about their pension. Based on the response of pension participants, we achieved a score of 64 (on a scale of 1 to 100), and we are working to improve our score by updating communications and ensuring information is accessible.

SDG 10: Reduced inequalities

We have targets for the male-female ratio at APG.At the end of 2024, women made up 60% of Supervisory Board members, 33% of the Executive Board, and 34% of mid-management. Across APG as a whole, women made up 37% of all staff. We are working on achieving our goal for 2027: more than 40% in the Supervisory Board, in mid-management and at APG as a whole, and 33% in the Executive Board. APG achieved Candidate status on the Dutch Inclusive Employment Performance Ladder in 2022. This status means we have made a good start on socially responsible and inclusive business practices. Our goal is to achieve Level 1 in 2025. APG maintained its Candidate status in 2024.

On our platform APGMakesaDifference, APG colleagues are developing joint initiatives that will help achieve APG's sustainability objectives. One of our targets was for half of our staff to be active on this platform by 2025. We already achieved this in 2024. We continue to encourage all our staff to engage in activities that help the community and society at large.

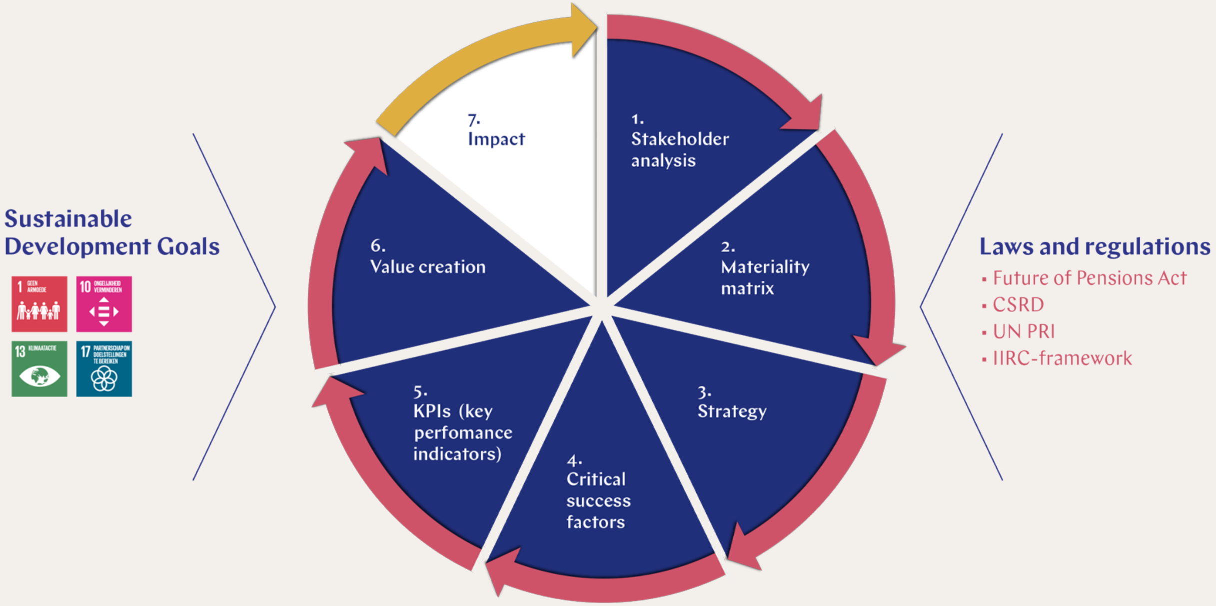
SDG 13: Climate action

At APG, we have the ambition of reaching climate-neutral business operations by 2030. This means that we aim to reduce our net (market-based) CO2eq emissions for Scope 1 and Scope 2 approaching zero by 2030. We also want to halve emissions due to travel (Scope 3) per FTE by 2030. Our ambitions have been laid out in our climate transition plan, which we drafted as part of the Corporate Sustainability Reporting Directive (CSRD). For more information, please see chapter 5. We also want to bring our asset management activities into line with the Climate Agreement. The climate action plan for the investment portfolio, which we published at the end of 2022, can be found on our website. We report annually on progress.

SDG 17: Partnerships for the Goals

We want to set global standards for responsible investing, together with like-minded asset managers. This will enable us to help our clients make gains in responsible investing. A significant example of our efforts is the Sustainable Development Investments Asset Owner Platform (SDI AOP). This platform for asset managers provides information on how investments contribute to the UN's Sustainable Development Goals. Our aim is to have the market adopt this platform as a standard. Among other things, we want to increase the number of users.

Connectivity model APG



Value creation

External perspective

Trends & developments

- New pension system
- Transition to a sustainable society
- Growing client expectations
- Uncertain macro-economic conditions
- Increasing cyber-crime
- Over-stretched labor market

Material topics

- Pension administration
- Services
- Public support for the pension system
- Social returns
- Energy, climate, and environment
- Financial returns
- Administration costs
- Transparency
- Agile organization
- Digitalization

SDGs

- Agenda for sustainable development

Value added

We want to share prosperity and well-being into the long term

We do this with our mission:

"Building your sustainable future together

Our aim is to **maximize pension value**

We work towards our aim by implementing controlled and **participant-driven pension administration and asset management,** aimed at high returns, in a sustainable, responsible manner

We help participants to get a **grip on their income for today, tomorrow, and beyond**

	Input	Output	Results	Intended impact
Our clients	• Eight pension funds, four of which we administer pensions for, and four of which we manage assets for • 22,500 employers and 4.7 million participants are affiliated to these funds	• Approx. €67 of every €100 of pension paid out comes from investment returns • CSAT of 8.0 • -9 basis points of excess return (5 years) • Cost per participant: €128 (regular services: €86 + transition-related costs: €42)	• Competitive services at responsible costs and with high quality • Guidance for pension funds on the pension system, sustainable and responsible investment • Support, coaching, and guidance for employers and participants	• Broader public support for the collective system • Affordable system • Sufficient indexation options • Satisfied pension funds, employers, and participants
Staff	• Competencies, knowledge, and network of approx. 3,800 staff	• Male to female ratio 63%:37% • Narrower gender pay gap (adjusted 0.05%) • Employee engagement score 7.6 • Sickness absence 3.6%	• Meaningful and inclusive employer • Diverse, inclusive teams • Equal pay for equal work • Fit employees	• Less income inequality • Sustainably employable staff • Enrich intellectual property
Society	• Pension system with pension accrual through the employer • Duty of care: adequate provision of information about pension choices	• Pension accrual for 4.7 million participants • Reputation score 71.4 • UN PRI Benchmark developed	• Future-proof pension system • Participants are informed about pension choices • Renowned organization • SDI AOP adopted by the market	• Less poverty among senior citizens • Participants are informed about possible choices • More funding for a sustainable, healthy, inclusive society
Shareholders	• ABP 92.16% • SFB 7.84%	• Returns from equity 4.0%	• Sustainable and responsible investment with socially and financially sound returns	• Continuity of our organization and our relations with shareholders

SDG contribution

Our ambitions and our strategy

Our top priority is a successful transition for our eight pension fund clients to the new pension system. PWRI and PPF APG made the move on January 1, 2025. We are also preparing other funds for the transition in 2026 and 2027. At the same time, we are focusing on the quality of day-to-day service provision and getting ready for the "new reality" after the transition.

In 2020, APG drafted a five-year strategy. The Executive Board evaluated and recalibrated this strategy in 2023 as part of the regular, three-year strategic cycle. We have now been implementing the path outlined by that partially revised strategy for several years.

Maximum pension value

Under the new system, too, we want to create the best possible pensions for participants, in a livable, sustainable world. We articulate this in our strategic goal as "maximizing pension value" for the participants of our pension fund clients. Our mission is: "Building your sustainable future together."

Strategic pillars

We operate on the basis of three strategic pillars:

1. We are the leading pension administration organization and asset manager
2. Robust pension funds
3. Trusted guide

Leading pension administrator

APG is one of the largest administrators of pension schemes in the Netherlands. We are also an asset manager, with a solid international position. We invest within the risk profile of our pension fund clients, taking into account the ESG criteria.

Robust pension funds

APG wants to support the pension fund clients in the best way possible. We do this above all by providing high-quality services that meet their needs, and also by helping the funds bolster their relationships with their participants.

Trusted guide

Together with our funds, we help participants make conscious choices about their income for today, tomorrow, and beyond. We are continually working to find appropriate solutions and to develop coaching and guidance services that will help participants stay, or become, financially fit.

Five building blocks

Five strategic "building blocks" form the foundation of maximizing pension value:

1. We are a responsible investor for the long term. We invest sustainably and responsibly.
2. We offer effective control of pension administration. The processes are carried out efficiently, we are always in control, and we strive for high-quality data.
3. We assist and support our pension fund clients in the transition to the new pension system, while preparing our organization and systems for this major change.
4. We want to be a participant-driven organization, and we continually adapt our working methods and competences to ensure that.

5. We are a trusted guide in the pension world – for the participants of our pension fund clients and for society at large.

The foundation

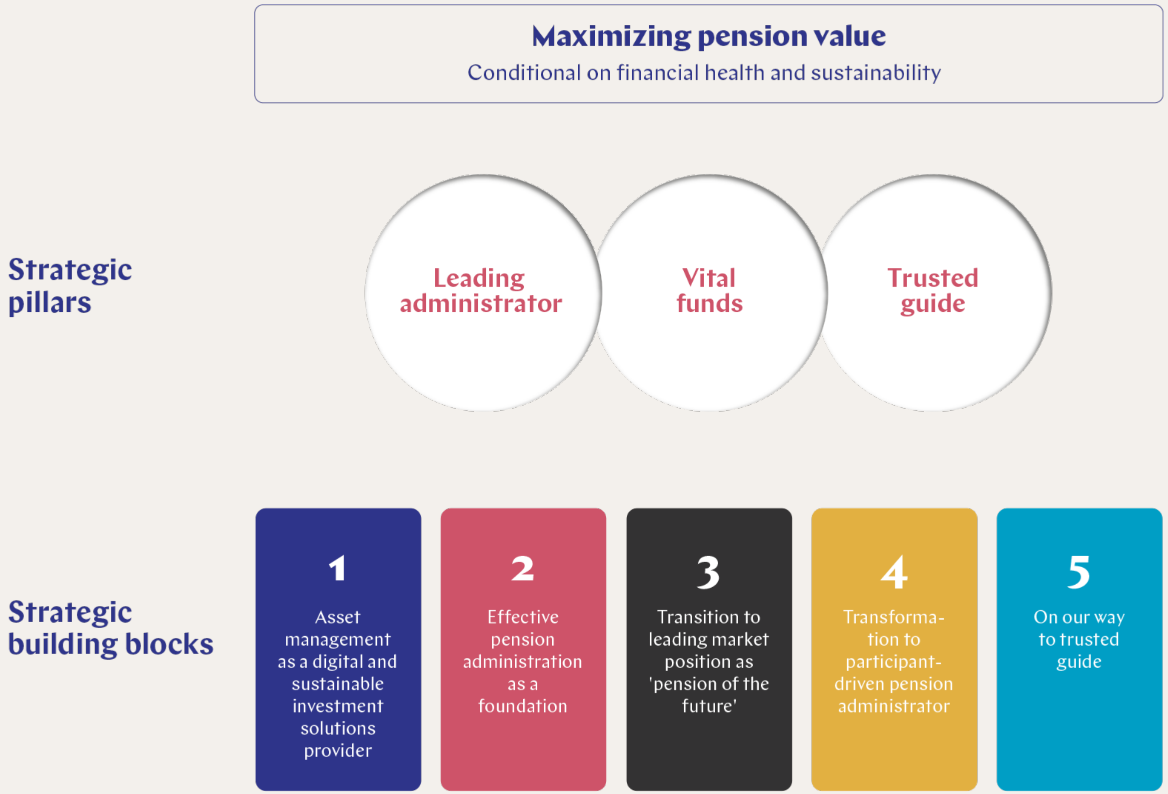
We need a solid foundation so that we can execute our strategy successfully. We rely on committed and knowledgeable staff and on well-functioning IT systems.

Our staff

We invest in our people to ensure they can adjust to a constantly changing environment. This is key, especially in the transition to a new pension system. We create a safe environment with good employment practices, where everyone can be themselves, and where we work together in a results-oriented and enjoyable way.

IT and data

Increasingly high demands are made of data and IT. Having optimal IT systems allows us to make changes faster, provide additional functionalities, and continually develop digital services and products for participants and employers. It is essential that all digital applications and processes be fully secure, that we safeguard the privacy of participants, and that we strive to comply with all laws and regulations. With the transition to the Wtp, statutory and other requirements are only increasing and becoming stricter. That's why APG is dedicating itself in the coming years to being more "visibly in control." A future-proof IT landscape will help us meet this goal. For



example, some control measures that are currently carried out manually will be automated.

Strategy developments

Developments in 2024 have had an influence on how we define the strategic building blocks. For instance, building blocks 2, 4, and 5revolve around performing our daily operations and processes. APG needs to lower its administration costs to the market rate. Among other things, we can do this by making changes to the organization, and automating more processes through the updated IT landscape.

Colleagues in APG's offices are working hard every day on the transition of our funds clients to the new system.

The four transitions of APG

In 2024, APG defined four transitions within the organization that will be placed high up on the agenda in the coming years. These are essential for ensuring
APG remains future-proof and financially healthy after the transition to the new system. These are changes in the entire company, which is why the four transitions are explained in different places in the report.

1. The new pension system
The transition to the new pension system for the pension funds APG works for is our top priority at the moment. On January 1, 2025, PPF APG and PWRI made the switch. The pension funds bpfBOUW, Pensioenfonds Schoonmaak and SPW (housing associations) are scheduled for January 1, 2026. ABP, SPMS (medical specialists), and PFAB (architecture firms) have opted for January 1, 2027.

2. Changes at APG Asset Management
APG's asset management services are required at a number of different levels in a transition. In 2024, APG had to take on-board ABP's new investment principles. This led to changes in our service provision, which in turn led to organizational changes.

3. 2030 strategy
APG 2030 focuses on APG's strategy, taking into account ABP's new long-term vision on outsourcing the fund's pension administration and asset management. In its vision, ABP has expressed the preference for asset management with "maximum alignment", with APG eventually solely providing services for ABP. According to this vision, APG will continue its pension administration and communications for the other pension funds, as well as for ABP, on the basis of efficiency (economy of scale). However, in this vision a separate "service center" is required for providing services to ABP. More work on this will be carried out in 2025.

4. Costs and IT
In order to maintain a healthy business model at market rates after the switch to the new system, APG's costs must be reduced. These cost reductions played an important part in 2024, and will continue to do so in the years ahead. APG is also digitalizing on all fronts. This will help us create a more secure and future-proof IT environment.

At APG, we are working on major shifts in building blocks 1 and 3. With building block 1, "leading investor in socially responsible investment", the new vision and modified investment policy of ABP, the biggest fund we work for, set the tone in 2024. For example, their modified investment policy led to changes within our asset management organization and services. Everything we did for that purpose was driven by the ABP's ambitions in the field of impact investing. There is also a greater focus on index investing for liquid investments (shares). In 2024, our fiduciary model was also updated. The pension funds we work for wanted more control, so they will be playing a more substantial role in developing and issuing mandates. These developments have consequences for staffing levels that will be further mapped out in the coming period.

Building block 3 was crucial for APG's organization in 2024 in terms of the preparations and ultimate transition of PPF

APG and PWRI to the new system as of January 1, 2025.

The world after the Wtp

With the transition to the new pension system, there will also be changes to the responsibilities of pension funds in a range of different areas. For example, they will be expected to exercise more control and give more direction to pension administration than previously. This entails a different relationship between fund and administrator.

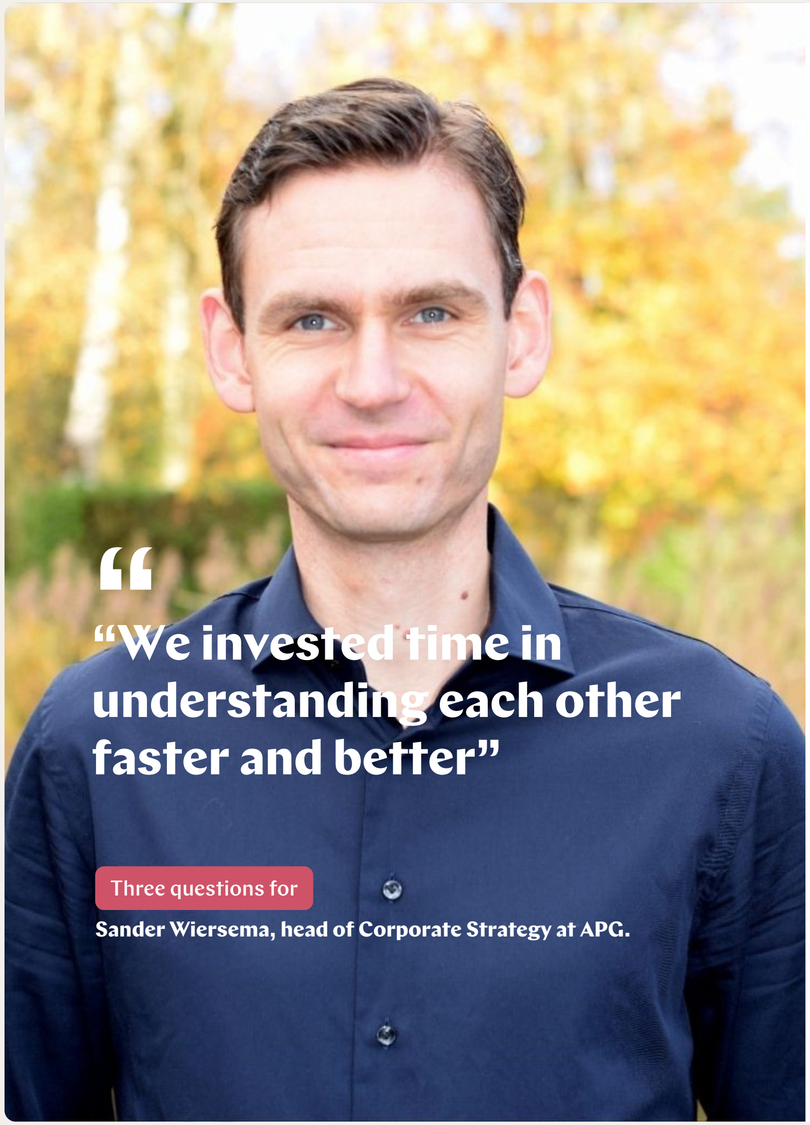
ABP's vision of outsourcing

APG's biggest client and major shareholder ABP has decided that, going forward, it needs to exercise more control and have a better grasp of what is happening throughout its chain. In the spring of 2024, ABP started a process, with the support of APG, to explore which form of partnership is most appropriate for reaching the "point on the horizon" in 2030. To get there, "maximum alignment" and "efficiency" are important principles for ABP.

At the end of 2024, ABP presented a new long-term vision of its outsourcing policy for asset management, and for pension administration and communications. In this vision, the fund expressed its preference for asset management with "maximum alignment", with APG Asset Management eventually solely providing services for ABP. APG would then continue to provide pension administration and communications for both ABP and the other funds based on efficiency (economy of scale), with a separate "service center" for providing services to ABP.

> **Making the transition to the new pension system with due care is our highest priority**

Transferring all pension fund clients successfully and with due care to the new pension system is our top priority in the coming period. The implications that ABP's vision on the long-term outsourcing policy will have for APG's organization must be worked out in more detail in 2025.



In 2024, you became head of Strategy at APG. This position involves you directly in a huge process to support ABP in formulating their vision on outsourcing. How do you look back on your first year?
"It turned out to be an exceptional year. When I took on the role of head of Corporate Strategy in early 2024, I really wanted to step out of my comfort zone. And I certainly succeeded! This process swallowed up a great deal of my team's time. We were really busy providing support for ABP in 2024 as they explored the different scenarios for our partnership."

What made this approach different than previous strategic processes?
"In the past, both APG and ABP laid out their own separate strategic plans, and then discussed them with each other. This time, we all got involved at an early stage in the formulation of ABP's strategy in order to directly work through the underlying data, trends and scenarios together. This allowed us to flag up potential consequences of certain ideas, which helped ABP in its deliberations. It was a new way of working with a different kind of dynamics, demanding a greater up-front investment of time in order to understand each other faster and better."

ABP would like APG to eventually make investments for ABP alone, and set up a special "service center" for its administration and communications, separate from the other pension funds. What will this mean for 2025?
"We're going to be working out what ABP's future vision for 2030 means for APG. So the question is how can APG best design a practical response to ABP's wish? This means making difficult choices about what we do, what we don't do, and how we organize it all. At the same time, we have to take into consideration the transition to the new system that is currently under way. This demands good timing. We can take some steps now, but others are only viable after the transition. It's a challenging journey, but one that gives me a lot of energy as a strategist. That's what drives me."

Our results in 2024

2024 in the picture: Artificial Intelligence
Schoolchildren have a class on artificial intelligence at Utrecht's X11 school.

The world of APG

Participants

Customer satisfaction score (CSAT)

2024	2023
8.0	8.0

Reputation score

2024	2023
71.4	71.8

Average cost price
per participant

	2024	2023
Regular services	86	86
Transition-related costs	42	31

Results

Net result
in millions

2024	2023
14.3	10.3

Return on equity

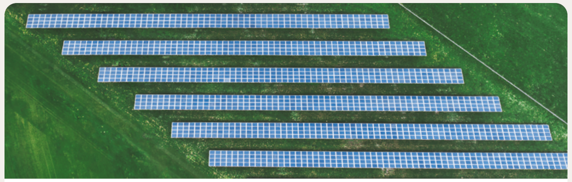
2024	2023
4.0%	4.3 %

Excess return
(5 years) in basis points

2024	2023
-9	11

Sustainable Development Investment
in billions

2024	2023
130	111



CO_2 footprint of operations
in metric tons

	net	gross
2024	1,522	5,944
2023	1,595	6,191

Employees

Number of employees

2024	2023
3,795	3,723

Sickness absence

2024	2023
3.6 %	3.8 %

Engagement
Employee engagement score

2024	2023
76	78

Diversity
gender (%)

	M	F
2024	63	37
2023	63	37

Adjusted pay gap
(%)

2024	2023
0.05	-

Effective control of pension administration

Our focus in 2024 was on maintaining robust, reliable and future-proof pension administration services. Providing high-quality services to our fund clients and their participants is essential, particularly in a time of transition, which is accompanied by uncertainties. We aim to safeguard our clients' trust, as well as the trust of the government, regulators and social partners.

For effective control of pension administration, it is of considerable importance that correct and easily understandable pension information is sent out to all stakeholders in good time, so that is our priority. To achieve this in 2024, we had to balance the provision of regular services with sound preparations for our pension fund clients' transition to the new pension system. In other words, we had to be ready for the future on an operational level. The transition is an immense task, one that we will be tackling in close collaboration with the pension funds and their social partners.

Data quality

Our attention is focused on data quality at all times, and with the launch of the new pension system, it gets even more of our attention. This means fixing errors and correcting defects that arose from the accumulation of complex regulations, in addition to a myriad of technical changes and exceptions in the current system.

In 2024, we also checked, purged and recovered data, with the objective of getting the complete basic administration system on a solid footing before the transition to the new pension system. ABP includes improving data quality in the Integrated Data Quality Plan. For our other pension fund clients, this is being done within the Pension of the Future program.

Pension of the Future

Through the Pension of the Future program, which we at APG started in September 2020, we are preparing for the transition to the new pension system, together with the pension funds. The first pension funds, PWRI and PPF APG made the switch as of January 1, 2025. According to the current schedule, bpfBOUW, Pensioenfonds Schoonmaak and SPW (housing associations) will follow on January 1, 2026. ABP, SPMS (medical specialists), and PFAB (architecture firms) have opted for January 1, 2027. We call this phased transition in three rounds the transition timetable. The transition timetable increases in complexity and numbers of fund participants in each wave. This will safeguard due care and effective control in the transition to the new system.

In 2024, the focus was on being prepared on an operational level for integrating the first funds in 2025. Integrated end-to-end testing and pilot migrations are two important activities. They will enable us to check whether the entire chain is working correctly (from collecting contributions from participants and making changes to information, to paying benefits to those entitled to pensions), whether the pension capital accrued by individual participants has been correctly calculated, and whether everything can be carried out with effective control.

> **The group of pioneers became smaller and smaller over the course of 2024**

The transition to the new system is an enormous operation for the entire sector, and the fact that two of the funds APG works for switched over as of January 1, 2025 was not a given. After all, the group of pioneers became smaller and smaller over the course of 2024, as a result of different interpretations of the law, among other things. The whole process was also new for the regulators, which led to additional questions and findings, for example about the temporary transition overview.

Changes to operations

The new pension system requires adjustments to APG's operations and changes in the services we offer. Thorough preparations must be made in various domains, from the timely retraining of staff to amendments to systems and procedures.

Milestones in 2024

2024 was dominated by substantial milestones. We would like to mention a few of them:

- Thorough testing and preparation of the new administration system for policies and assets, which we developed with Festina Finance, for the transition of the pension fund clients to the new system. The same goes for the new communications platform for participants (Participants Pension Portal, PPP), and the new link between pension administration and internal and external asset management.
- A new participants and employer service was developed, with a new website and accompanying app. These are components of what we call the Digital Experience Platform (DEP). When participants and employers of the funds we work for switch to the new pension system, they receive a proper "welcome" in the new digital environments, which were set up with the latest technology and insights from users' experiences.
- Purged data has been prepared for the pension fund clients who were integrated in 2025. Data purging for the other funds is on track.
- The "go live" phase, the period during which everything is set up for the transitioning funds, ran from November 2024 to March 2025 for the funds who switched over on January 1, 2025. The scenarios for this phase were ready on time. The temporary transition overviews with the first forecasts for participants were successfully sent out for PPF APG and PWRI in November 2024.

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It was up in the air until the last moment

Three questions for

Margreet Teunissen, board member of the Work and (Re)Integration Pension Fund (PWRI), that made the transition to the new pension scheme on January 1, 2025.

PWRI was one of the pioneers in switching to the new pension system. How did you experience 2024?
“Like a race against time. We were all pioneers – pension funds, the accountability body, social partners, APG, asset management. As were the government regulators, the Dutch central bank (DNB) and the Dutch Authority for the Financial Markets (AFM). Of course, we knew that a lot still had to be figured out. The legislation was new, so all the calculation models had to be developed and validated. Asset managers also had to figure out what was required to fill the personal pension pots and properly register all the returns. It took DNB months to evaluate our records. New questions kept popping up. We were constantly in meetings with our experts and DNB’s experts asking “what is it exactly that you want to know?”. For issues that led to changes in items we had already agreed, we had to have new consultations with social partners, the Executive Board, and our accountability body. It also took a long time before it became clear what we could do with the collective payout phase, since that legislation was not yet ready.”

It sounds like a full-time job…
“It really did take a lot more time than you ordinarily spend on managing a pension fund. Alongside our regular meeting day, we had meetings with experts, as well as consultations with committees, the executive, the steering committee. We held around fifty study sessions. On top of that, you of course have to also keep running the fund. Everyone, including the social partners, really put their shoulders to the wheel. That brought high levels of commitment.”

Did you have frequent contact with the other pioneer, PPF APG?
“We coordinated all kinds of things. For example, how we could best respond to the questions from DNB. A lot was also discussed in the pioneers meeting of the Dutch Federation of Pension Funds. Whether we would actually get it over the line remained up in the air until the last moment. But our experience will hopefully make the process easier for other pension funds, unions and regulators.”

Services

Participants and employers are at the heart of the services we provide for pension funds. We aim for high levels of satisfaction. Participants of the funds we work for need to be confident their pension money is in safe hands with us. And that we can help them make sometimes complex and far-reaching choices about their pensions.

A participant-driven approach remains of the utmost importance for APG. This is why it is a permanent part of the onboarding program for new employees. Furthermore, we recalibrated our customer journeys in 2024, with a view to the new pension system.

Customer contact

APG's Customer Contact Center is pivotal for communication and the provision of information to participants of pension funds. Participants can contact us by phone, email, social media, and the chat option. We also answer questions from employers and administrators, mainly about supplying wage and contribution data on participants. In total, there were over 500,000 interactions with the Customer Contact Center in 2024.

Indexation of pensions

The executive boards of ABP, PPF APG, Pensioenfonds Schoonmaak, PFAB, SPMS and SPW raised their pensions and pension accrual on January 1, 2024. This was successfully implemented in partnership with the funds. Active and retired participants were informed individually about the increase in their pension accruals and benefits. BpfBOUW and PWRI did not raise their pensions on January 1, 2024.

We monitor what participants and employers think about our services. For example, we actively ask for feedback. We also introduced a new complaints and feedback procedure in 2024, based on the legal definition: "every expression of dissatisfaction" must be handled as a complaint. Among other things, we set up a dedicated complaints team for this, with expertise in correct registration, complaints handling, and continual improvement of our services.

Our reputation

In order to gain more insight into what society thinks about us and expects from us, APG measures its name-recognition and reputation. Our reputation has held strong: the score in 2024 remained stable compared to a year earlier: 71.4 in 2024 as opposed to 71.8 in 2023 (scale of 1 to 100, averaged over 2024). But with these scores APG did not meet the goal it was aiming at (>74). APG scored highest on "products and services", "performance", and "leadership", and relatively less well on "innovation". The driver that has the greatest impact on reputation is "ethical conduct" (fairness, openness, and transparency).

New focus on innovation

In 2024, APG recalibrated the strategic priorities for innovation, in consultation with ABP. Going forward, the policy will focus on three priorities, i.e. operational excellence, cost savings, and artificial intelligence (AI). We also looked at the client and participant-driven organization and made a number of choices:

- The funds APG works for chose the solidarity-based contribution scheme, with limited options for individual participants. This led to the decision to simplify the client and participant-driven organization, and bring the new structure into line with the APG of the future. This step has consequences for staffing levels, Such as merging together departments' work or transferring it elsewhere. A new department will also be set up, the Communications and Services Department. This department will be dedicated to, among other things, further development of participant-oriented service within APG.
- Starting on January 1, 2025, innovation activities were centralized within one department. The result of this is that

At APG's offices in Amsterdam, teams worked throughout 2024 on a broad range of new initiatives for our pension fund clients, such as websites and apps.

a team within pension administration had to be disbanded. The corresponding jobs have been discontinued.

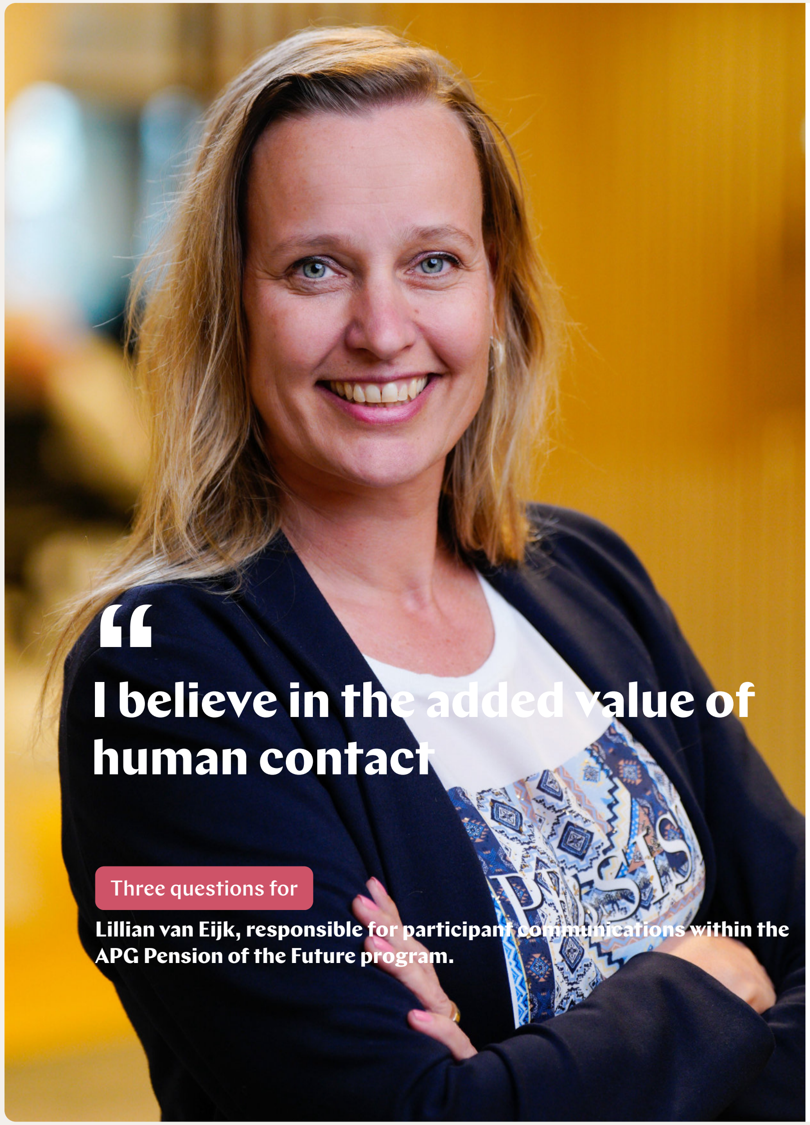
- As of August 30, 2024, APG stopped offering Kandoor. This social initiative, which had provided answers to financial questions free of charge since 2015, no longer fits within the current strategy. APG wants to bring innovations into line with services provided to pension fund clients.

Dilemma

How do you achieve a higher level of quality for a lower price?

Pension funds set increasingly higher requirements for the quality of our services and pension administration. Additionally, APG is facing an important task under the new system: pension communications with participants must be made more personal, more understandable and more tangible. APG also wants and needs to show its pension fund clients and the regulator that services are being provided in an effectively controlled and managed way. While APG is fully engaged in this task, the requirements keep getting stricter. At the same time, pension funds are asking APG to offer services for the best possible price.

For these reasons, APG is actively focusing on cost control, because every euro that is saved benefits the participants of funds we are working for. Reducing costs in the short term is at odds with investing in order to increase efficiency in the long term and thus lower costs even further. This demands that APG make smart use of the opportunities that the transition to the new pension system offers. Cost awareness is not just about limiting expenditure, it is also about making strategic choices and structuring work in the most efficient way possible. For example, we are looking at ways of optimizing our system landscape to benefit funds participants.



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I believe in the added value of human contact

Three questions for

Lillian van Eijk, responsible for participant communications within the APG Pension of the Future program.

How can APG encourage more pension awareness?
"APG can't create that, but we can facilitate it. We can support the funds in their efforts to raise awareness. I also believe that it's our job to go to the pension fund directors with creative, impactful ideas and say: look, our studies and customer validations show that, with this information, participants become more aware of the fact that they are working today for their money "for later" too. I think that pension awareness begins with employers. They are the ones who can present a pension as a valuable employment condition by explaining to employees what percentage of their salary the employer will put in a pension scheme, and what kind of returns they can get on that amount. It would really be fantastic if employers would say, If you come and work for us, then under our collective labor agreement we will set up this pension scheme for you. This would put the emphasis on the value of the collective and solidarity."

Is there also a need to approach the participants of individual target groups more directly?
"People under the age of thirty are not thinking about later life at all yet. They need a different perspective than someone who is 65. As well as a different way of communicating: baby-boomers use email and phone calls, twenty-somethings use chats or send voice messages. In order to reach participants, you therefore have to know a lot about their different habits. We still have a long way to go in this. I think that we can offer pension funds a lot of added value with a target-group specific approach."

A perfectly operating system versus a perfect participant experience: which would you choose?
"I would choose the participant experience. Because if the participant's experience is perfect, then you can always work things out if something goes wrong with the system. That isn't the case the other way around, if the system is working perfectly but has not been designed with the customer experience in mind. I really believe in the value of human contact, in whatever way you choose to manifest that. You have to combine it. Of course you want to cut costs, but first have a look at what you can gain from real-life contact. To my mind, that is exceptionally valuable."

Public support for the pension system

The Future of Pensions Act (Wtp) aims above all at making the Dutch pension system future-proof so that it can continue to enjoy broad public support. That makes participant confidence in pension funds, pension administrators and the government essential.

The new pension act, which came into force in 2023, intends to create prospects of pension increases at an earlier stage for participants in pension funds. The new rules are also intended to boost transparency by providing information on the personal pension capital and its development. Furthermore, the system also needs to be better aligned with the changing labor market. The starting point was the maintenance of the strong points of the current system, such as collectivity, solidarity, and mandatory saving for pensions. That lets us keep costs low, share the risks that a single individual could not bear, and safeguard decent incomes for seniors.

Trust in pensions

Together with our eight pension funds, we want to make sure participants trust the arrangements made for their pensions, both now and in the future.

Workable laws and regulations

In partnership with the pension funds and the Dutch Federation of Pension Funds, APG is actively committed to ensuring laws and regulations are workable and can be justified. We share our knowledge of participants' wishes, as well as the financial, legal, and administrative aspects, with the rest of the sector wherever possible. This includes the surveys APG conducts among the pension funds' participants.

APG's research also plays an important role in advising social partners (employer and employee organizations) and pension fund boards on how to design new pension schemes. For example, in 2024, APG conducted a survey among a range of pension fund clients on responsible investment and participants' corresponding wishes. We also look into what types of guidance participants of the different pension funds would like when making choices about pension options. Most participants experience stress when they have to make choices, including pension-related choices. Good guidance is therefore essential. We can change, for example, the way information is provided (such as in a personal interview or in writing), and by whom (the pension fund, the employer or a financial adviser).

Furthermore, we look into how funds can best communicate with participants about things like personal pension capital, fluctuations in the amounts, and the shared buffer. On the APG website, we have developed a themed page that contains all the important information about the new pension system.

Confidence in the new system

The APG Pension Barometer monitors the level of confidence in pensions in the Netherlands month by month. How much do people know about the new system? And how much confidence do they have in it? The APG Pension Barometer surveys a representative sample of

Dutch people who currently accrue or have accrued a pension through their employer.

The 2024 survey by the Pension Barometer shows that approximately four out of five Dutch people are aware that a new pension system is on the way. About one third knows the general outlines of what is going to change, but most people are unsure exactly how this will impact them personally. Topics like “your own pension capital” and “pensions will move along with economic shifts” are most often known.

Necessity and trust
Over a quarter of people in the Netherlands believe a new pension system is a necessity, according to an APG survey. One fifth does not see the need. Young people up to age 38 are more inclined to think the new pension system is necessary than those over 67. This also translates into confidence. The younger target group sees relatively greater potential in the new pension system, in contrast to older people, who have relatively more confidence in the current system.

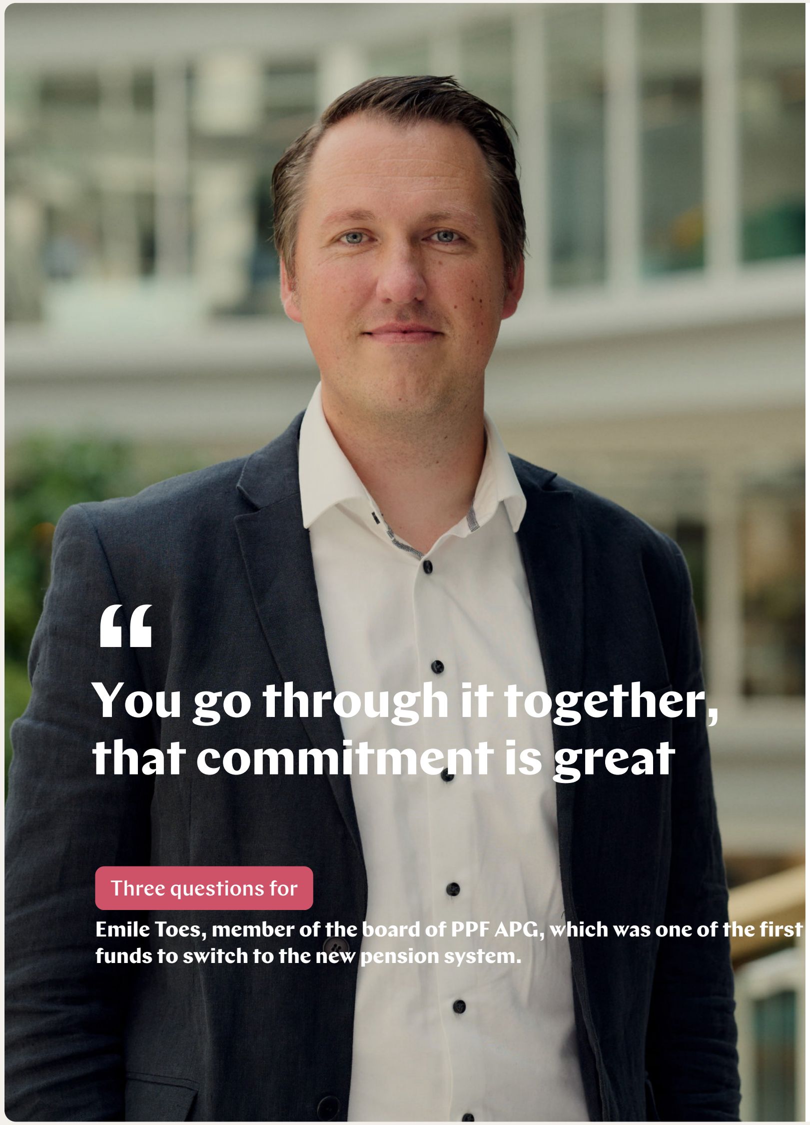
We currently lack a precise explanation for this difference. Confidence in pensions is influenced by a mix of internal and external factors. We suspect that the lack of clarity about what is going to happen plays a part. That is not surprising for as long as participants lack insight into the consequences of the new pension act for them individually. The closer a pension fund gets to the transition to the new system, the better their participants can be informed about the actual changes and their impact. APG research affirms the importance of knowledge. More knowledge goes hand in hand with more confidence.

The confidence index score for the new pension system was -5.5 at the end of 2024 (-3.5 at the end of 2023). Confidence in the current pension system also declined. At the end of 2024, it was at 2 (2.5 at the end of 2023).

NSC amendment for a referendum

On January 21, the political party NSC published its vision document “Werken aan een toekomstbestendig pensioen” (Working on a future-proof pension) with an accompanying amendment to the proposed “Wet verlenging transitieperiode” (Transition Period Extension Act). The party wanted to take the opportunity to hold a referendum before the transition to the new system. This would allow participants in pension funds to vote on whether they wanted to switch over to the new pension system or not. If less than 30% of participants voted, or less than 50% voted in favor, the transition would be cancelled.

A scenario in which multiple systems have to be maintained in tandem and where substantial additional costs (charged to the participants) are involved, has consequences for the transition to the new pension system and for the pension sector in general.



How does PPF APG look back on the transition process?
"As a great but challenging and sometimes tough learning process. We spent over two-and-a-half years on orientation, policy and implementation. Usually, work for the board takes up about one-and-a-half days a week. Over the past six months, it took up two or even more days a week, on top of our work for APG. At certain moments, it made considerable demands on both my professional and my private life. Our board has ten members, but we don't have a secretariat, like a lot of other funds. The working groups did all the preparations, but we were often working evenings, especially during the final months. I once sat in a meeting that lasted until nightfall because we had to meet a deadline. That commitment was really great! Time after time, everyone made the maximum effort."

What made the process so complex?
"One thing that didn't help was that the template for external communications relating to integration was issued around the same time that we wanted to deliver our first batch. Ultimately, it took three iterations before the file was complete. As far as that was concerned, the Dutch central bank also gave a world-class performance. Each time, we submitted a huge package of documents. We quickly received feedback and additional questions. These were questions for further explanations, but also questions about other aspects, which meant we had to review information that we had already submitted. This led to uncertainty: are we going to make it? But we had short lines of communication with all the stakeholders. Everyone had their own role, and you go through the process together. And that paid off."

Are you expecting any surprises in 2025?
"We aren't expecting any surprises, but we are prepared and ready to deal with any possible setback. I don't have the slightest doubt that together we would be able to fix it."

Social returns

APG looks at the financial aspects of current and potential investments. Another important factor is how a company we want to invest in on behalf of our pension fund clients treats people and the environment, and the governance of the organization. This allows us to choose investments that have a positive impact and help create a livable world for current and future generations.

Responsible investment

Our approach is in line with the OECD Guidelines for Multinational Enterprises. Our preference is to invest in companies that meet the ESG criteria of our pension fund clients (environmental, social, and governance), and meet their expectations in relation to risk and return on investment. In addition, we and the funds expect companies to incorporate the principles of the UN Global Compact, and bring their activities and strategies into line with the ten principles in the areas of human rights, labor, environment and anti-corruption.

The pension funds continually refine their criteria for responsible investment based on their own specific preferences. At the same time, we continually improve our organizational structure, our data management and other relevant things. This helps us effectivelymeet the changing need of the funds.

In 2024, ABP, our biggest client, published its new policy for sustainable and responsible investment. Biodiversity and impact investing have major roles in this policy. ABP has tightened its conditions for investing in businesses. For bpfBOUW, SPW and PPF APG, we implemented a refined inclusion policy with stricter, more extensive ESG criteria.

Approach to impact investing

ABP and bpfBOUW introduced impact investing as a new instrument in their approach to responsible investment. Impact investing means investing with the intention of achieving positive and measurable social and/or environmental impacts, in addition to a healthy financial return.[1] In 2024, we took steps to implement the impact policy of our pension fund clients.

That same year, we became members of the Global Impact Investing Network (GIIN), an international organization dedicated to scaling up impact investing and making it more effective. APG also participates in the GIIN's Investor Council.

In order to support the ambitions of the funds, we have set up an "impact library", which contains the strategic goals that we are consciously striving to achieve through impact investing. Each goal is explained by means of a specific result and a core statistic. Through this library, we aim to build on the GIIN framework IRIS+ for measuring and managing impact. Additions to this reflect the visions and

[1] This definition is in line with the definition of the Global Impact Investing Network (GIIN)

priorities of our pension fund clients. In 2024, we also rolled out customized processes within the company for insurance-related matters and data collection so that we can apply a structured approach to impact investing and ensure greater precision and consistency.

Impact investing in 2024

On behalf of ABP, bpfBOUW and PPF APG, we invested 200 million euros in AllianzGI's Impact Private Credit strategy (IPC) in 2024. Under this strategy, private loans are granted to small and medium-sized European enterprises who offer solutions for environmental and social challenges. At least 70% of these investments contribute to themes that match our pension fund clients' priorities, including fighting climate change, circularity, and working towards a more inclusive society. As one of the major investors, APG played a leading role in structuring the fund on behalf of our pension fund clients.

For ABP and bpfBOUW, we invested in Mentha Impact Fund I and Innovation Industries Fund III. Mentha Impact Fund I is managed by Mentha, an investment firm located in the Netherlands. This company's focus is on investments that contribute to energy efficiency and the transition to clean energy. Innovation Industries Fund III is controlled by Dutch venture capital investment firm Innovation Industries. The firm's Fund III invests in start-up and growing deep-tech companies that develop solutions for sustainable agriculture and combating climate change.

For ABP, we invested 240 million euros in the PAG REN I fund in 2024. This fund, managed by PAG Renewables, is devoted to the development, construction and sale of solar parks and other solutions involving renewable energy in Asia-Pacific countries, Japan in particular.

Sustainable development goals

Within the mandate given by the pension funds that we work for, we prioritize investments that contribute to the UN Sustainable Development Goals (SDGs). By the end of 2024, we were managing 130 billion euros in investments dedicated to sustainable development (Sustainable Development Investments, SDIs) on behalf of the pension funds. In 2023, this was 111 billion

Voting against approval of the financial statements

APG exercises voting rights for the pension funds that we work for. In 2024, we refined our voting behavior. In previous years, if we thought a company had not made adequate progress on themes important to our fund clients (climate change, human rights, biodiversity and good governance of businesses) we voted against the re-election of that company's Chair. For all General Meetings held in 2024, we extended this voting behavior by also adding the possibility of voting against approval of the company's financial statements. The financial statements are a standard agenda item at General Meetings. This offers us the chance to regularly express our dissatisfaction and exercise our influence on a range of topics in years when the chair is not up for re-election.

euros. Investments that contribute to the SDGs formed 20.6% of our assets under management in 2024, as opposed to 19.5% in 2023.

APG is co-founder and chair of SDI AOP, the platform for asset managers that evaluates companies based on the contribution they make to the Sustainable Development Goals with their products and services. The accompanying standard and underlying data are used by international investors. Over the course of 2024, SDI AOP expanded coverage of its classification method and launched a product that investors can use to calculate the SDG contributions of their investments in the private market, in line with the classification system that SDI AOP uses for the public market.

Carbon footprint of investments

APG and all the pension funds whose assets we manage set objectives for lowering the carbon footprint of investments. The Net-Zero Investment Framework (NZIF) is the foundation of our approach in setting these objectives. APG also supports the Net-Zero Asset Managers (NZAM) initiative. Furthermore, we sit on the board of the International Investors Group on Climate Change (IIGCC). Just like ABP, bpfBOUW, and SPW, APG has signed the financial sector's Commitment to the Dutch Climate Agreement. In line with this commitment, we report the carbon footprint of relevant asset classes on our website. For further information, see our Climate Action Plan and the document "APG-carbon-footprint".

Reducing emissions

We encourage the companies and initiatives we invest in on behalf of our pension funds (both listed and private companies) to lower their carbon emissions. We do this both independently and in collaboration with other big investors, for example through the Climate Action 100+ (CA100+) partnership and the Dutch Climate Coalition (DCC). APG is the lead engager within CA100+ for SK Innovation, Baoshan Iron & Steel, Samsung Electronics, Tata Steel and Hitachi. Furthermore, we are members of the engagement groups for Holcim and Stellantis. By these means, we try to push our companies to formulate clear goals and timelines for reducing their emissions. This is in line with the Paris Climate Agreement.

Measuring impact

One of the greatest challenges in impact investing is how to effectively measure the impact of the investments made. It is always difficult to measure social and environmental results. Moreover, there is a lack of standardized methodologies supporting statistics in the area of impact. In order to increase coordination and transparency, we are striving to bring our approach into line with external standards, such as IRIS+ of the GIIN, the Operating Principles for Impact Management of the International Finance Corporation (IFC), and the Five Dimensions of Impact of the Impact Management Project.

Safety in the workplace

In 2024, we worked alongside the Indian governance advisory firm Institutional Investor Advisory Services (IIAS) and published a report on safety in the workplace in India. The findings presented a grim reality. More than 50% of the 500 largest companies in India (Nifty 500) have a solid policy when it comes to health and safety, but implementation remains inadequate. The majority of these companies do not make all the relevant data on health and safety available. For the companies that do, we see negligible or only inconsistent improvements in safety performance. We are using this report to enter into discussion with Indian government regulatory agencies and businesses, to ask them to take steps to improve information provision and transparency.

In 2024, APG voted against TotalEnergies' progress report on sustainability and climate. We believed it was not sufficiently evident how the company is planning to reach its long-term goals. We also voted against the re-election of the chair of the board of TotalEnergies. The company's approach to managing climate risks did not meet our expectations. Moreover, the company continued to combine the roles of board chair and Chief Executive Officer.

Human rights and working conditions

APG and its pension fund clients expect companies to respect human rights, including the rights of their employees, local communities, and other people involved. This means companies should identify, avoid, and mitigate risks relating to human rights, in line with the UN Guiding Principles for Business and Human Rights. Human rights are integrated into our stewardship approach. APG participates in Advance, a worldwide stewardship initiative based on the guidelines contained in the Principles for Responsible Investment (PRI). APG is a member of the PRI Advance engagement groups for Engie, First Quantum and CLP Holdings.

Fostering a living wage

APG is a member of the Platform Living Wage Financials (PLWF), an alliance of financial institutions endeavoring to stimulate the companies in their global supply chains to offer wages that allow people to provide for their own livelihoods. We participate in PLWF on behalf of bpfBOUW. Once a year, the working groups evaluate how the companies we invest in are doing in terms of paying a living wage. As an investor, we were involved in the annual living wage review of Coca-Cola. After conducting research, we entered into discussions with the company about desired improvements.

In 2024, the PLWF signed two investors' letters on behalf of APG and other investors calling for action on achieving a living wage. With the letter sent by Investor Advocates for Social Justice (IASJ), we called on companies in the cocoa sector to take urgent steps to banish all child labor from the supply chains for this sector by guaranteeing cocoa farmers a living wage.

In a letter sent by the Forward Faster initiative of the UN Global Compact (UNGC), we encouraged corporate members to sign-up to the initiative's living wage goals.

Good corporate governance

Good corporate governance is essential for companies who want to improve their transparency, limit their risks and realize sustainable achievements in the long term. When we evaluate corporate governance, we examine the composition and independence of the board, shareholders' rights, remuneration, as well as annual financial reporting and company audits.

Laws and regulations are regularly amended and expanded, particularly in the area of sustainability. Both employers and regulators frequently organize meetings with market players to create greater awareness about the consequences of potential changes to legislation and policy. APG and its pension fund clients often play an active part in these discussions. We also take the initiative to represent the joint interests of APG and our pension fund clients.

APG staff share their view of the world in an exhibition on diversity and inclusion at the APG office in Edge West.

In 2024, APG, along with other investors, supported the viewpoint of the Council of Institutional Investors that the Securities and Exchange Commission (SEC) should remain the preferred arbiter of shareholder proposals. In addition, we were co-signatory of a statement issued by the International Corporate Governance Network (ICGN) that warned against loosening the regulations governing the British stock market, which had the goal of making it easier for companies to invest in the UK. Statements like these are extremely important for protecting shareholders' rights. We also spoke out against the proposed move of the main office of Tesla, producer of electric vehicles and other things, from Delaware to Texas. And we voted against a pay package valued at billions of dollars for the company's CEO.

APG Asset Management and its pension fund clients publish their voting decisions on their respective websites. We believe it is important to be transparent about the choices we make.

Recognition

Together with the funds, APG strives to garner worldwide recognition as a pioneer in the field of responsible investment.

During the 2024 edition of the IPE Real Assets Infrastructure & Natural Capital Global Awards, we received a number of different prizes in the Private Markets, Energy Transition and Digital Infrastructure categories. In 2024, we also received two IPE Real Estate awards: we came in joint first place in the ESG category (Platinum) and received a regional award (Silver) for the Netherlands. And we were honored with the title Outstanding Contribution to Stewardship during the first IPE Transition Conference & Awards.

In 2024, the Ørsted Blue Bond, one of our investments on behalf of ABP, won the IJGlobal Award of 2023 for Bond Financing of the Year. The bond concerned a private placement; APG Asset Management helped draft the conditions and proposed projects for the bond issue.

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It was a real group effort

Three questions for

Ger Jaarsma, chair of the Pension Fund Federation, which represents the interests of the 150 pension funds in the Netherlands.

Was 2024 a hectic year, or was everything pretty much already under way?
“We spent more time supporting our members in implementing the Wtp than we had at first anticipated. When the final text was published, we organized a 'pioneers meeting' with the pension funds that wanted to make the transition quickly. At first, there was a group of about 25 funds that wanted to switch to the new system as of January 1, 2025. They had also already made a lot of preparations. The number of funds that ultimately chose that date shrank to just three over the course of the year. A number of funds felt that the quality of their data was still inadequate. And there were funds who wanted to first improve their ICT. The duty of care takes priority over speed.”

What were some of the big issues in the last phase before the deadline?
“It was really a group effort – we felt our way together: the pension funds, the regulators DNB and AFM, and the Ministry of Social Affairs and Employment. A lot of time went into understanding each other and learning from each other. DNB, for example, kept asking for new calculations, but when the funds presented these, they didn’t lead to a different outcome. DNB mostly wanted to see a clearer trail leading to the outcomes, it turned out. Because ultimately, the board of a pension fund has to be able to properly explain to its participants why certain decisions have been taken. The wonder of it was that we were working on something that was new to all the parties involved.”

Will the pension funds who make the transition at a later date enjoy the fruits of this labor?
"Yes, for sure. And the learning experience continues, even for the funds that have already switched over. Thanks to all the lessons learned, we will be able to change gears and find solutions more quickly going forward. We have to, because in January 2026 pension funds totaling several million participants will be coming on-board. Thus far, there have been two implementing agencies that made the switch with one or two funds: Blue Sky and APG. The other six are already well advanced in their preparations. No doubt new problems will surface. That’s why I hope that the politicians don’t make any more adjustments. Give us the time and the space to implement the new law properly and with due care. Then it'll work.”

Climate and the environment

We invest on behalf of our pension fund clients in companies and projects that facilitate the transition to cleaner forms of energy. In this way, we seek to contribute to the energy transition and help restrict climate change and the loss of biodiversity. We also critically examine our own business operations.

Investing in the Netherlands

About 5.5% of the capital we manage for our pension fund clients is invested in the Netherlands. This includes investments in digital and energy infrastructure, real estate, and start-ups. ABP has the goal of investing 10 billion euros in the Netherlands between now and 2030 in the form of impact investments. We invest on behalf of the funds in companies and projects that contribute to the energy transition, as well as in those that increase climate resilience, both in the Netherlands and abroad.

Responsible investment on our website

On our website, we report regularly on how we integrate ESG factors into our investment approach. The website also contains policy documents and information about sustainability, including an overview of all the companies for which we conduct engagement, and a list of companies and government bonds our pension fund clients do not wish to invest in.
In 2024, we published our second Stewardship Overview, which explains the engagement and voting activities that we carried out in the previous year on behalf of our pension fund clients.

In 2024, Noordzeker was issued a license to build and operate a new offshore wind farm in the North Sea. Noordzeker is an ABP initiative, in partnership with APG and wind farm developer SSE Renewables. The designated area, Ijmuiden Ver Alpha, has a capacity of 2 gigawatts (GW). This is equivalent to about 8% of the current electricity consumption of the Netherlands. Certain requirements were incorporated into the tender: for example, the wind farm has to contribute to the Dutch North Sea ecosystem. Noordzeker has already planned measures to boost biodiversity. The new wind farm will have artificial reefs, and a biodiversity program will be set up in partnership with Naturalis, the Dutch research institute for biodiversity.

ABP has started a partnership with the international real estate developer and manager Greystar. The aim is to build and manage new, high-quality rental housing for middle income working people, those with essential occupations, and retirees in the Netherlands. APG is representing ABP in the partnership, which is called the Dutch Essential Housing Venture. The first allocation of 420 million euros will be used to build about 1,500 housing units. The first project under this partnership began in 2024, with the realization of 780 rental apartments in Leiden.

The mandate of the ABP Dutch Energy Transition Fund (ANET) was expanded in 2024. Initially, the focus was exclusively on the energy transition in the Netherlands, but now it is additionally directed at biodiversity-related themes, and investments that contribute to circularity as well as sustainable food and agriculture. The effect is that ANET has changed to ANEB – the ABP Netherlands Energy Transition & Biodiversity Fund.

Investing in the energy transition

In 2024, APG invested 400 million dollars on behalf of ABP in Doral Renewables, a leading American developer, owner and operator of projects for generating and storing renewable energy. All these impact investments show how ABP is contributing to the development and construction of projects dedicated to renewable energy, including providing funding for Mammoth North, a large-scale American solar energy project.

Climate risks

We analyze climate-related transition and physical risks for our pension fund clients' investment portfolios. We do this to decide whether companies (especially in sectors with a substantial climate impact) are making efforts to reduce their greenhouse gas emissions. We also check to see whether they have a strategy for the transition to a carbon-neutral economy. Our basic principles for determining and reporting on climate risks are set out in the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). We then use our climate risk analysis to prioritize the sectors for which we are determining new or tighter climate criteria.

For physical risks, we target the potential impact of changing weather patterns on the assets in the portfolios we manage. We have drawn up screening criteria in order to gain better insight into these risks and their potential impact, particularly in locations where our pension fund clients have investments.

Further improvements to our climate risk analysis and the accompanying reporting got off the ground in 2024. The first steps were

Dilemma

Sustainability vs. returns

In sustainable and responsible investment, we fully support the pension funds we serve, with APG as the pension administrator following their lead. By integrating sustainability factors, we make well-informed investment decisions that aim for strong returns.

However, stock market cycles fluctuate, bringing both strong and weak periods. After a period of positive results, sustainable investments underperformed over the past year. Despite this, we remain committed to our strategy, even if it raises questions or criticism. As a long-term pension investor, APG accounts for these cycles, similar to trends seen in sectors like IT.

We also incorporate ESG factors into risk management analyses. Based on market trends, we expect sustainable investments to deliver long-term returns at least on par with the market average – while also contributing to a more livable world.

taken to integrate the tool into our processes, including the frameworks for internal and external reporting. The new tools offer a more detailed overview of climate risks and provide insight into the financial consequences at the level of investment.

Investing in biodiversity

Maintaining biodiversity is essential if we want to continue to profit from the benefits that nature can offer our society and our economy. Such “ecosystem services” comprise, among other things, supplying food and medicine, regulating climate, and maintaining clean drinking water. Biodiversity and/or maintaining natural resources are important themes for both APG and our fund clients.

Working together to foster biodiversity

APG is a member of Nature Action 100 (NA100), a global investment initiative devoted to pressing businesses to raise their ambitions and take more action to prevent biodiversity loss. The initiative enters into dialogue with businesses in sectors that are seen as important for restoring biodiversity loss.

As a signatory to the Finance for Biodiversity Pledge, APG is committed to ambitious measures targeting biodiversity. We contribute to the Taskforce on Nature-related Financial Disclosures (TNFD), and are supporters of the Partnership for Biodiversity Accounting Financials (PBAF). We also promote dialogue on how investors can effectively deal with systemic risks in their portfolios.

A lack of standardized statistics and reporting frameworks makes it difficult to analyze and compare biodiversity-related risks and investment opportunities. In 2024, we joined the “Biodiversity Related Risks and Opportunities to the Financial Sector” project. This public-private partnership is geared towards helping the financial sector understand, quantify and mitigate the impact of biodiversity loss. The project’s goal is to develop a methodology for assessing impact on biodiversity that combines economic and ecological models.

ABP’s new biodiversity policy

With its new policy for biodiversity, ABP wants to mitigate risks in this area, and the negative impact they might have on its investment portfolio. The fund also wants to finance active solutions for preserving biodiversity. In order to support ABP with this goal, in 2024 we took further steps in implementing ABP’s objectives aimed at combating deforestation. We have also made progress in analyzing how we can achieve ABP’s objective to invest 10 billion euros in companies and projects that contribute to the preservation and restoration of biodiversity (with 1 billion euros earmarked for impact investing).

Our own business operations

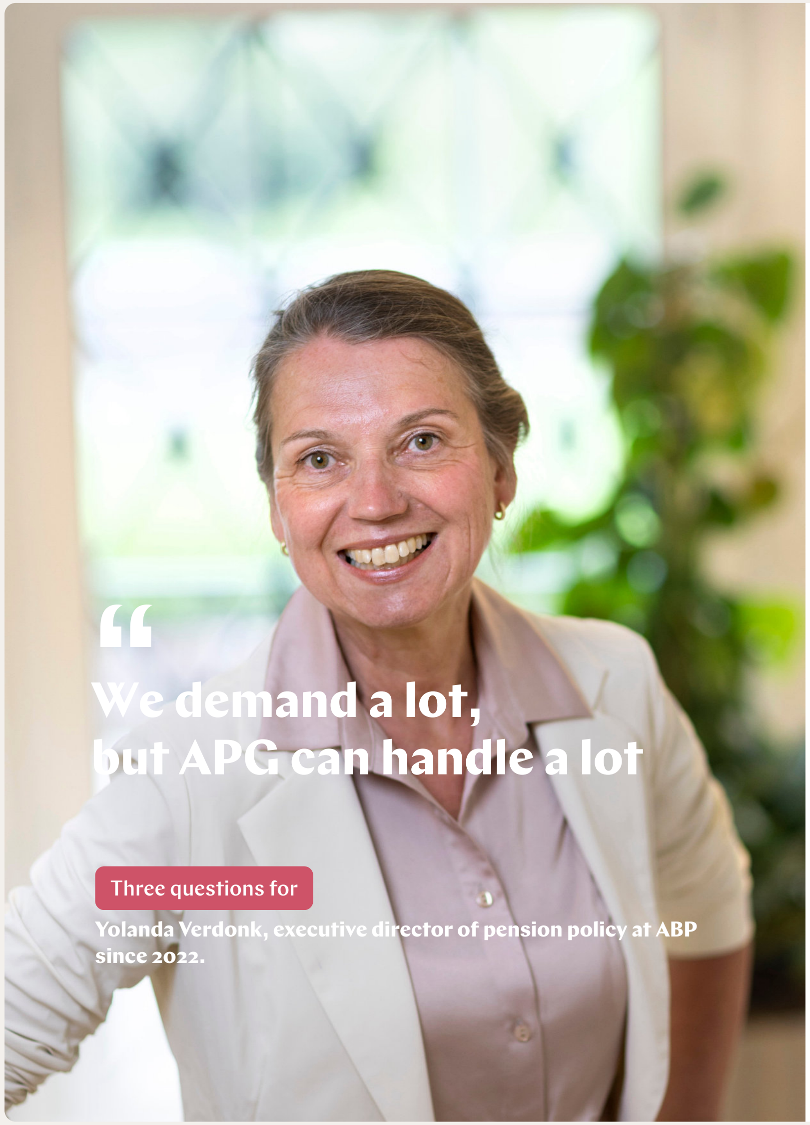
APG is working hard on making its own business operations more sustainable. By 2030, we want demonstrably carbon-neutral business operations (Scope 1 and 2), and a 50% reduction in our emissions in relation to 2019 (Scope 3). With the arrival of CSRD, we have set out our ambitions, targets and KPIs in the area of carbon reduction in our sustainability statement.

Dilemma

Should we expand our international investments or invest more in the Netherlands?

By investing in the Netherlands on behalf of pension fund clients, APG can help resolve various societal issues, such as the tight housing market and the energy transition. Investments can also lead to more jobs and new products for consumers. This shows how investing close to home can benefit the population in many different ways.

At the same time, a 'narrow' focus on the Netherlands could mean lower returns, because returns are uncertain, and only investing in the Netherlands would concentrate risks. This can be a rude awakening when dips in the stock market, the housing market and the labor market occur simultaneously. The size of the Netherlands' pension assets is greater than the size of the economy, so too much money would be chasing too few projects. That would put pressure on returns. Moreover, there would be a higher risk that we would miss out on returns outside the country.



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We demand a lot, but APG can handle a lot

Three questions for

Yolanda Verdonk, executive director of pension policy at ABP since 2022.

How do you look back at 2024?
“We moved towards taking more control of policy and implementation for both our investments and pensions. We – and our regulators – think it's important that the fund is more in control. That also means that we have to develop and grow ourselves as a pension fund. The investment strategy has already been refined, and together with APG we are looking at how we can implement the transition to the new pension system such that our participants and employers still receive the best and most efficient service possible. Also important are the steps ABP and APG have taken in the direction of our new pension scheme. We have laid a foundation for our duty of care ambition, the transition plan has been finalized, and with support from APG we submitted a bridging plan. We were also able to increase pensions while putting more focus on cyber security and AI.”

In the 2023 APG annual report, Harmen van Wijnen, chair of ABP's Executive Board, said: “The interplay between pension fund and administrator is getting better all the time, even though there is still room for improvement.” What is the thinking about that now?
“We see that our partnership keeps getting better. Although there is still plenty to be done in the area of alignment and efficiency. Both organizations are in development. By constantly keeping our dialogue going, and by ensuring clarity and transparency on both sides, I look to the future with full confidence.”

In 2027, ABP will be switching to the new system. PWRI and PPF APG have already been integrated. How does your organization view that?
“It creates confidence that APG already went through the transition, at the end of 2024. They worked hard to make this happen, and we can all learn from their experience. I have the greatest confidence in APG's continued efforts and commitment, that together we can set up the new administration, get participants' data properly organized, and provide the right communication to our participants about the Wtp. And once we've done this, confidence in the fund and its administration will grow. At the same time, the current regulations have to be administered with effective control. We demand a lot, but then APG has shown that it can handle a lot.”

Financial returns

APG is focusing on higher financial returns so that the pension capital and pension benefits for participants are both higher.

Assets under management

At the end of the 2024 financial year, we managed the investments for four pension funds, with a total value of €616 billion (€569 billion in 2023). The return on investment came to 8.9% (9.4% in 2023). The increase in assets under management was mainly caused by developments in the financial markets. The absolute five-year returns are equivalent to €85 billion.

Excess return

Our ultimate goal is to realize the investment goals of our pension fund clients in a sustainable and controlled way at market rates. At the same time, we want to achieve good results for our clients in the long term.

By outperforming the benchmark — with returns higher than the reference value for the market — we are helping increase the pension value for participants of our pension fund clients. We refer to this as excess return or outperformance.

Over the five-year period starting in 2020, the average excess return per year came to -9 basis points (-0.09%). In 2024, however, we recorded a negative excess return of -152 basis points. A range of dynamics experienced by recorded benchmarks and valuations of illiquid investments are the reasons for the negative result. All external costs related to the investments have already been deducted from these averages. Where possible, we measure the excess return with respect to broad-based market benchmarks.

Based on the absolute investment returns, 2024 was a strong financial year for all our pension fund clients. The 'soft landing' of Western economies, where inflation fell without causing a recession, made it possible for central banks to relax their policies. In this environment, investment risks bore fruit across the entire line, as was the case in 2023. Over the financial cycle, we continue to invest according to strategies that we believe will boost pension value in the long term.

This increasingly means index investment products for responsible investment (RI). We also continued to select promising investments in private markets that could deliver stable money flows over a longer period, while at the same time offering a much needed source of funding for the energy transition. In 2024, this targeted investments in euNetworks, a pan-European supplier of B2B fiber optic infrastructure; and Kenter, a company offering solutions for energy infrastructure.

Liquid investments

Earnings on shares were good both in 2024 and over the past five years. The economy grew, corporate profits rose, required risk premiums dropped. A large portion of the surge in value was carried by American tech companies. The exceptionally high return on this group of shares also explains some of the differences in returns between the US and other markets, between shares in developed and emerging markets, and between general and more specific strategies.

In relation to the benchmark, share strategies lagged behind. A transition in strategies was performed over the course of 2024 that saw a large portion of share products transferred to Responsible Investment (RI) index strategies. The negative excess return of the RI Index for 2024 can largely be traced back to this transition. The focus and related strategies had a poor year, which pushed the five-year return into the red.

Components of excess return for all investment styles	In basis points (bps) 2024	In basis points (bps) 5 year
Excess return on liquid investments	-36	-13
Excess return on illiquid investments	-119	-7
Smart rebalancing	3	11
Total excess return	**-152**	**-9**

Components of excess return for active investment styles	In basis points (bps) 2024	In basis points (bps) 5 year
Excess return on liquid investments	-29	5
Excess return on illiquid investments	-94	13
Total excess return	**-123**	**18**

Dilemma

Costs vs. impact of more expensive investment categories

Costs matter. Even small annual differences can significantly reduce pension outcomes over forty years. Investment categories with the greatest impact often come with higher costs, particularly illiquid assets like infrastructure and real estate, which require intensive management.

The advantage of these investments is the ability to drive sustainable change – such as constructing environmentally friendly buildings or upgrading existing ones. Unlike simply excluding fossil fuel companies from a stock portfolio, these investments offer clear, measurable contributions to a better world.

This creates a dilemma for pension funds responsible for investment policy: How much should impact cost? Pension investors like APG must also decide between investing in existing assets or developing new ones. While listed infrastructure and real estate have lower costs, they offer little demonstrable impact. In contrast, new developments can drive real change – but at a higher price.

This concentrated portfolio, that scored high in RI features, lagged behind the benchmark. There were a range of causes for this, including the RI tilt, and the lag in profit growth (as a measure for fundamental development) of the portfolio in relation to those with a broader mission. Quantitative strategies performed strongly and recovered from a difficult period.

Illiquid investments

In alternative investments, the one-year and five-year returns were, generally speaking, positive. They were disappointing in real estate. In general, real estate moves somewhat with the changes in interest rates, which were unfavorable over the past five years. Real estate development can also be found in APG-managed strategies. Partially on account of the COVID-19 pandemic, results there also came under pressure due to delays and increases in costs. In two smaller categories, values dropped in strategies that are being phased out.

In private equity, good returns were achieved in 2024 and over the past five years. They lagged behind the broader market indexes in 2024, but when looked at over five years, they show a better result in comparison to broader indexes. Infrastructure also generated good returns, higher than those of the benchmarks.

RETURN ON ASSETS UNDER MANAGEMENT	Assets under management (in millions of euros)	2024 (1 year) Return (in %)	2024 (1 year) Excess return (in bps)	5 year (ann) Return (in %)	5 year (ann) Excess return (in bps)
ACTIVE STRATEGY[1]					
Fixed-income securities					
Long Duration Treasury Euro	2,101	-2.8	12	-9.4	5
Total Credits	56,631	3.6	56	0.0	46
Alternative Credits	3,718	8.3	-804	-	-
Investment Grade Corporate Credits	13,016	6.5	45	-	-
Mortgages	10,035	6.1	184	-0.7	97
Emerging Market Debt Active	16,617	6.0	-129	1.7	-8
Alternative Inflation	89	5.6	327	2.9	67
Equity					
Developed Markets Equity (excluding DME RI Index and DME Min Vol Total)[2]	35,587	10.5	-411	5.5	-76
DME Focus Total	15,919	8.8	-896	7.3	-170
DME Fundamental Total	3,748	23.7	-149	12.6	-59
DME Quant Total	2,349	28.6	242	14.3	97
DME Small Cap & Midcap	1,258	12.5	-299	-	-
DME Transition Portfolios	12,337	5.0	-	-	-
Emerging Markets Equity	30,907	15.9	23	3.1	-29
Alternative investments					
Strategic Real Estate	43,442	5.5	107	1.8	-183
Tactical Real Estate	7,007	3.5	-57	-1.3	14
Liquid Commodities[3,4]	18,913	14.9	-13	9.4	90
Illiquid Commodities[3]	3,170	-1.7	90	3.2	-450
Hedge Funds[3 5]	8,272	4.5	-105	6.2	347
Thematic Investments	342	8.4	-1,784	2.7	-1,032
Private Equity Combined Pools[6,7]	56,005	16.0	-929	16.2	128
Infrastructure Combined Active Strategies[8,9]	32,237	10.8	-36	7.8	422

RETURN ON ASSETS UNDER MANAGEMENT	Assets under management (in millions of euros)	2024 (1 year) Return (in %)	2024 (1 year) Excess return (in bps)	5 year (ann) Return (in %)	5 year (ann) Excess return (in bps)
INDEX STRATEGY[10]					
Fixed-income securities					
Emerging Market Debt Index	15,663	7.1	-23	1.7	-7
Equity					
DME RI Index (Developed Markets Equity)	113,146	24.9	-7	-	-
DME Minimum Volatility Total (Developed Markets Equity)	3,757	18.4	-21	7.1	9
CAPITAL PRESERVATION STRATEGY[11,12]					
Fixed-income securities					
Treasury Global	51,606	0.6	-26	-2.6	-33
Long Duration Treasury Global	67,955	-6.4	-0	-7.2	-1
Fixed Income Liability Hedging	11,545	-0.9	-583	-	-
Index Linked Bonds	119	-0.1	-19	0.9	-36

1 in this investment style, we aim to outperform the benchmark.
2 The total YTD and five-year portfolio and the excess return for equity securities in developed markets were calculated as a weighted average based on the assets under management as of December 31, 2024.
3 Liquid Commodities, Illiquid Commodities and Hedge Funds are 100% US dollar investments.
4 The return figures are therefore based on returns in US dollars rather than in euros.
5 The Hedge Funds benchmark has been adjusted to JP Morgan 1-Month Cash (without markup) to provide better insight into the effect of active management.
6 The internal rate of return since inception is 18.3% for the Private Equity Combined Pools.
7 This shows the annual rate of return since the start of an investment.
8 The internal rate of return since inception is 9.9% for the Infrastructure Combined Active Strategies.
9 This shows the annual rate of return since the start of an investment.
10 In this investment style, we aim for the benchmark rate of return.
11 In this investment style, the main objective is to preserve the principal by avoiding credit losses.
12 This type of mandate occurs when investments are being made in fixed-income products.

Reorganization at Asset Management

APG strives to be a flexible organization, that seamlessly adjusts to developments. For instance, the new investment principles of ABP, our biggest client, led to a preference for index investment solutions. This came in the place of actively managed portfolios. The choice had consequences for the capital market asset classes where we now offer these solutions, and for APG's asset management organization. In 2024, we decided to discontinue our internal quant equity product, and as a result disbanded our quant equity team.

Another important development was that ABP chose to manage a significant portion of the mandating process itself. This has previously been provided by APG's Fiduciary Management, itself. A number of APG colleagues made the transition and now work directly for ABP. As a result of this decision, APG Asset Management decided that it would eventually terminate mandate management's final decision making role for all fund clients. We do, however, take our duty of care very seriously when it comes to our other clients, and will continue to deliver mandate management services until another solution can be found.

A third big change for APG Asset Management was ABP's new long-term vision on outsourcing the fund's pension administration and asset management. ABP has expressed the preference here for 'maximum alignment' in asset management. In ABP's long-term vision, APG Asset Management would eventually only provide services to ABP. The possible shift to this single client model could cause significant changes at APG Asset Management. In the first six months of 2025, the Executive Board will be working out the further implications of this shift in the context of formulating a long-term strategy for APG. This will take place in dialogue with our stakeholders, including fund clients and shareholders.

“I believe in both internal and external perspectives

Three questions for
Alineke van den Berge, COO at APG Asset Management.

As COO at APG Asset Management, you are ultimately responsible for a number of major transitions, including data strategy and asset management. How does this relate to the transition to the new pension system?
“It’s all related. But what you do see is that the transition to the new system and stricter laws and regulations have a catalyzing effect on the other changes. That obviously forces us as a sector to become more transparent, client-focused, and participant-driven. In the case of asset management, this specifically means changing our investment strategy in accordance with the principles of ABP and our other pension fund clients. And that, in turn, makes it even more important to implement and execute our data strategy. Because having the right high-quality data is becoming increasingly important.”

What main steps were taken in 2024 in relation to data?
“One of the main objectives in that process is what we call 'data at your fingertips': easy and direct access to all relevant data. Last year, we took steps in that area with the migration to the cloud and the ongoing development of our data platform. Those are big milestones — and we’ve already loaded a lot of data onto the platform. But we’re not there yet. Besides, the technology is not standing still. I kind of see 2024 as a preparation year; 2025 and 2026 will be the implementation years.”

How do you make sure that staff members keep developing themselves in this changing context?
“Sustainable employability is a priority. We offer colleagues extensive opportunities to develop future-proof cloud and data skills with help from experts in the field – both internally and externally. These skills and the outside-in perspectives contribute to making high-quality and authorized data accessible to the business side, our pension fund clients, and their participants and to the on-time delivery of that data through cloud solutions. I’m a big believer in the combination of internal and external perspectives to make our organization stronger — especially in times of transition.”

Administration costs

APG's goal is to achieve the highest possible pension value for the participants of our pension fund client. Our spending on pension administration and asset management must therefore always be carefully considered and responsible.

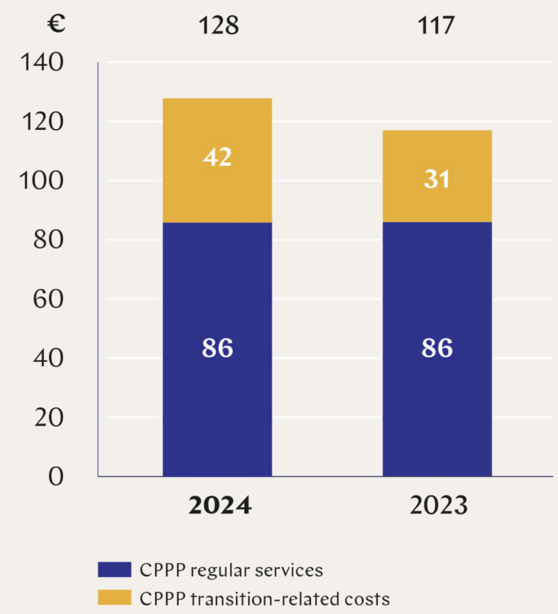
Pension administration costs

Pension administration costs rose in 2024. The costs of the regular services are in line with 2023. Higher salary costs, resulting from collective labor agreements, are offset by the lower cost of external staff. However, transition-related costs increased, mainly because we needed to implement more activities in 2024 for the switch to the new pension system. Those include purging data and setting up new processes. This will require some significant investments up to 2027.

Pension administration costs are calculated as a cost per participant. That cost per participant comprises the costs that we incur for pension administration divided by the number of active and retired participants of our pension fund clients at the end of the financial year. In 2024, the average cost per participant was higher than our pension administration revenue. This means that we recorded a net loss. This loss was set off in 2024 against the profit on our asset management activities.

For effective internal management, we split the average cost per participant into a cost per participant for regular services and a cost per participant for the transition. In 2024, the total cost per participant increased by €11 to €128 (€117 in 2023). The transition-related cost per participant increased by €11 to €42 (€31 in 2023). The cost per participant for regular services remained the same at €86 in 2024.

Cost price per participant



Dilemma

Financial choices in the short term versus postponing until after the transition

APG's main task is to ensure a good pension for the participants of the funds for which we work. Pension is about creating long-term value, and that is always our focus. At the same time, the pension sector is currently in the midst of the largest system change in its history. That presents several challenges: APG must ensure a smooth and controlled transition, all the while carefully guiding the participants of its pension fund clients through this process. In addition, APG must prepare itself – along with the pension funds – for the post-transition reality. This calls for accelerating large investments in the short term, such as in the IT landscape. And that is a dilemma because APG is currently too expensive: the cost per participant is not competitive. This means that we constantly have to make complex choices.

Our aim is to reduce the average cost per participant after the introduction of the new pension system. We will be able to achieve that if our pension fund clients simplify their schemes and if we continue to digitalize and introduce generic working methods into the administration processes.

Costs of asset management

The costs of asset management are passed on to the pension funds. The total costs are determined in part by the chosen investment mix and implementation style – including the choice of internal or external management.

Costs play a role for pension funds in making investment decisions, along with factors such as risk, return, and responsible investment. An investment in an illiquid asset category (such as private equity) usually involves higher costs because it is more labor-intensive. In the case of external management, higher management and performance fees are paid for this than for liquid asset categories.

Furthermore, the costs of an active investment style are higher than those of an index strategy. The more expensive investment choices are meant to generate excess return in the medium-long to long term in order to compensate for the higher costs.

Pension fund clients increasingly choose to use index categories for their investments in shares. Those are known for their low investment costs. APG anticipates the choices of the pension funds and adjusts its own cost level accordingly. To reduce the total costs for illiquid asset categories, more direct investments and co-investments are being made. As a result, the number of internal portfolio managers is expected to grow in the coming period. On the other hand, the fees for external portfolio managers will decrease.

Taking the investment mix into account, we can see that on average, in the long term, the investment costs for our pension fund clients will be lower than those of similar funds. This is also backed up by external benchmark studies. At the same time, APG is keeping a watch on the cost level.

"Successful integration is only possible with clean data

Three questions for

Rob Schormans, director of Pension Administration.

How hectic was 2024 for APG, especially for the colleagues in pension administration?

"A lot revolved around preparing the two funds for the transition to the new system. New laws and rules, new systems, new techniques, new communication towards the participants, and new training courses; the new system and the way to get to it have an impact on the entire APG organization. In addition, we naturally also have to keep up the existing services to the other six funds. It's a balancing act, but we're good at it. After all, we successfully transferred two funds."

What does this success say about the years to come?

"We've now integrated two funds with a total of nearly 200,000 participants. The next funds that will transfer in 2026, which are bpfBOUW, SPW and Pensioenfonds Schoonmaak, have many times more participants between them. In addition, many colleagues are already fully focused on 2027, the year in which ABP, our largest client, will join others in transferring to the new system. So there's still a lot of work to be done. And it remains a balancing act. Moreover, APG wants to be a leading pension administration organization with a competitive fee after the transition in 2028. That also means deciding to structure business units more efficiently and combine things so it's easier for colleagues to do their work — but without that jeopardizing the transition of our pension fund clients to the new system."

What is the main priority for 2025?

"It's clear that the funds can only make a successful transfer if we work with clean data. That's a firm condition. So we purged data in 2024 and will continue to do so in 2025. Incorrect, incomplete, inaccurate, irrelevant, or missing data will be identified and modified, replaced, or deleted."

Transparency and compliance

As one of the largest Dutch pension administrators and a leading asset manager, APG has an important social role to play. So we are transparent about our investment policy, costs, and returns, and we comply meticulously with the relevant laws and regulations. We value integrity and seek to uphold the highest norms and standards.

"We deliver results, are proactive, and discuss dilemmas openly so that we can join each other in finding the best solutions." This is quotation from the APG Code of Conduct. It makes clear that we value transparency and compliance in relation to our services to pension funds. Every member of staff is expected to accept personal responsibility in this respect.

APG provides staff with the necessary support by developing initiatives such as the landing page launched in 2024 with the second-line risk and compliance policy documents. We want to be able to prove that we have honest and controlled business operations where risks, such as errors or unexpected situations, are recognized at an early stage and that we are able to take timely action. This is also a good example of how we at APG encourage collaboration among our offices around the world and how we work together to provide our pension fund clients with optimum services. For more information, please see the sustainability statement.

Compliance with laws and regulations
Given the growing laws and regulations and the increased number of commitments at national and European level, APG and its pension fund clients are required to provide information about the integration of ESG factors into the decision making process for investments. We are accountable to and on behalf of our pension fund clients. EU regulations that apply to APG include the revised Shareholder Rights Directive, the Sustainable Finance Disclosure Regulation (SFDR), the Digital Operational Resilience Act (DORA), the EU Taxonomy Regulation, and the CSRD.

> "
> **We aim for complete transparency in our investment policy, expenses, and returns**

SFDR
In 2024, APG and its pension fund clients published the required SFDR information on their websites. In the course of the year, we worked on the further standardization and improvement of our reporting processes and methods. We also developed a methodology for measuring sustainable investments. Given that the laws and regulations are constantly changing, we keep an active watch on all developments and adapt our processes and methods where necessary. This is how we ensure that APG Asset Management and the funds meet the relevant requirements.

CSRD
The CSRD entered into force at the beginning of 2023. This directive provides for sustainability aspects that must be included in the annual report, such as the principle of double materiality: APG's material impact on people and the environment, on the one hand, and the material impact on its operations stemming from sustainability risks and opportunities, on the other. Although in all probability APG will not be required to report on this until for the 2025 financial year, it has voluntarily decided to present a sustainability statement for the 2024 financial year. In 2025, APG will take additional steps to comply with the CSRD legislation.

Dilemma

Demonstrably in control versus efficiency

Demonstrably in control is an important topic for APG, our clients, and our regulators. Processes must run according to regular descriptions and include control procedures, and the course of the process must be recorded and be reproducible.

Risk control is vital to any company. But it is impossible to rule out all risks; being in control actually amounts to a conscious risk assessment (including possible losses if they materialize and a negative impact on participants and funds) and the measures to reduce those risks (including the associated cost of those measures). If that assessment is sound, it creates a balance between being in control and being able to administer pensions efficiently.

If the rules to be followed make processes and systems work less efficiently, bureaucracy seems to gain the upper hand, and services may become more expensive and slower than necessary. Therefore, the pros and cons need to be weighed up in close consultation.

Agile organization

Great change is on the way for APG in the years to come: from the complex transition to the new system and higher requirements from pension funds and regulators to technological innovations. All these changes will have an impact on our organization and staff. We need to be prepared.

To ensure that APG is ready for the future, we need to form a clear picture of how the work we do at APG is going to change. So we have been identifying the impact of the four different transitions on our organization and staff.

First of all, there is the transition of the eight pensions funds to the new pension system. The introduction of the Wtp (Future of Pensions Act) means that our administration of pensions and the services that we provide are going to change. At the same time, APG will be implementing a necessary cost-cutting policy until 2030, which will have consequences for the number of staff. The number of external staff will decline in the coming years as well. Furthermore, all staff and systems must be prepared for new technology requirements and IT skills. Finally, ABP would prefer having Asset Management serve solely ABP in the long term. APG will work this out in more detail in 2025 as part of formulating a long-term strategy for APG. The possible transition to this single-client model may eventually have employment consequences for the staff of APG Asset Management.

A change program has been developed to support APG in being operationally ready: OpR. This program has been running for some time now for the Wtp transition. Similar ways to approach change will be developed and implemented in all business units that are affected by the other transitions, such as the changes at Asset Management. The sustainable employability of our staff is a priority in this regard. We ensure that they can prepare themselves properly for functioning in a changing — and uncertain — context. At this time, the Wtp transition and the changed services at Asset Management have had the greatest impact. For managers, this means extra pressure to guide their staff and the organization through the transformations. APG supports them in this process, such as by facilitating education and training.

Sustainable employability

Strategic workforce planning (SWP) is a way to promote an agile organization. This is used to make the supply of and demand for staff transparent in the long term. We also use it to determine the necessary capacity. By using SWP to identify their specific skills, we can help our staff to get a handle on the development that they want and need.

Several training courses started in 2024. The focus was on various generally desired qualities, such as the further development of computer skills (more technical know-how, being able to work with AI) and the stimulation of a data-driven mindset. In other words: learning for themselves how to process and interpret data. Another focus was on awareness (or even greater awareness) of potential risks and reinforcing a commercial mindset and client-oriented working methods. All of this revolved around seeing the organization as a “chain” and working together in harmony. For more information about staff development, please see the sustainability statement .

Vacancies

Besides preparing for the new pension system, our regular work continues as usual. It’s a heavy workload. And that calls for having the right capacity. For qualified staff, APG depends to a certain degree on attracting specific expertise on the labor market. We target this internally: our goal is to fill at least 80% of the vacancies. In 2024, we filled 82%. We succeeded in part by focusing on suitable candidates in the organization, advertising in the labor market, and having staff actively approach candidates in their own network and refer them to us.

Working cost-efficiently

At the same time, all business units have been encouraged to cut costs. The focus is on innovations that help us to work more intelligently and productively, on discontinuing activities that are not necessary, and on outsourcing less work.

Colleagues at APG’s office in Amsterdam

For the last of these, an effective external staffing strategy is crucial. So APG has been working to professionalize internal processes, which should give us a better grip on the engagement of external professionals and competitive pricing — naturally in compliance with the applicable laws and regulations.

People risk

There is a significant people risk to the transitions around the Future of Pensions Act, the changing services at Asset Management, and necessary changes in APG's IT landscape. Some examples are absence from work/sickness absence, unmotivated staff, greater staff turnover, and a higher degree of uncertainty. We monitor such indicators with "pulse readings" and the Employee Engagement Survey, for example. The business units are regularly able to make any necessary adjustments. More goals and results in 2024 can be found in the sustainability statement.

Dilemma

How do we keep staff motivated during and after the transition to the new pension system?

The switch to the new pension system has been causing some uncertainty for our staff. That's because of the fluctuating demand for capacity: more people will be needed during than after the transition. So in various places at APG, we have been thinking about how to organize our future services. A reduction in the workforce will be unavoidable. That has had an impact on the expectations, morale, and engagement of our staff. And therein lies the dilemma: how do we keep staff motivated during this complex transitional period?

It is APG's responsibility to strike a balance: maximizing engagement with our staff during the transition and preparing for the new reality after that. We do that by staying in dialog with colleagues and listening to what they have to say. We communicate what we want and what we do not want, even if that is difficult to say. We include staff as much as possible during the change processes and guide them on the way to a smaller APG organization.

To put it briefly: it is a continuous dialog. We need to stay on top of what concerns our people have and communicate with them as transparently as possible.

How does APG ensure that staff feel involved in all the transition processes?
“The most important thing is to stay in dialog. Starting within the teams of course, but as an employer APG also wants to be predictable and reliable. On the one hand, in 2025 it will become clearer what APG will look like after the transition. On the other, the urgency is here and now, with cost reductions and transitions. We’re going all-out to integrate the rest of the funds. That means we as the management need to be clear: what’s the status, and when will we be able to give concrete indications? Once we know more, we’ll immediately organize a global town hall session, for example, so people know where they stand. Then we’ll rely on a continuous dialog between managers and their team, where nobody is afraid to express their uncertainties. The role of People & Change is to stay alert and steer communications in the right direction. What do we hear, see, and sense? Are people feeling anxious? If so, we want to put our heads together with managers to provide the necessary support.”

And how do you keep staff motivated?
“Of course, it’s not the task of People & Change to motivate people, but we can create clear frameworks. These are incredibly exciting times. APG is working on something valuable, and everyone’s contribution is essential. Moreover, you feel the greatest appreciation if you achieve something as a team, if your manager sees your added value. That gives you a lot of energy.”

What has People & Change learned from the transition of the first funds?
“One of the main pillars is the training plan. In 2024, a small group of us learned how to work with the managers, to make sure that people are able to familiarize themselves with the new systems and working structures in a timely manner — while we as APG remain demonstrably in control. Hopefully that’ll be visible on a large scale soon.”

Digitalization

APG is steadily becoming a digital organization that relies on new technology. That makes digitalization a vital part of our strategy. In 2024, we focused on digital security, compliance with the new laws, and the transition to the new pension system.

New technologies and digitalization help us to work more efficiently, strengthen services to pension participants and funds, and make better investment decisions. The supply of information has also become more user-friendly: the pension funds, their participants, and the employers receive better information through online portals and apps. APG is very aware of the security and privacy risks that these developments entail. We ensure that our services are safe and secure.

Ready for the new pension system

At the end of 2024, APG had the IT systems ready enough to transfer PWRI (pension fund in the sheltered employment sector) and PPF APG (APG's occupational pension fund) to the new system.

This step — the first at APG — was on January 1, 2025. The other pension funds that we work for will follow in 2026 and 2027. Implementation varies by fund and will take a significant amount of work. But by transferring the first two funds, APG laid a basis for the transition of all pension fund clients to the new pension system.

Since the transition to the new pension system, we have been working with a completely new policy and capital administration system from Festina Finance. We have a communications platform for the participants where we inform them in a personalized environment about the value of their current, personal pension assets. That enables us to create a digital environment that fits the new pension system.

Focus on security

Funds, pension participants, and employers need to be able to trust that all their personal and other data is safe with us. That means we need to stay sharp and be prepared for any possible threat. Investing in digital security is crucial to APG to prevent intruders from hacking our systems and to minimize the impact of such a hack in the unlikely event that it happens.

APG regularly performs analyses and tests, such as by engaging "red teams" to conduct a TIBER test (threat intelligence-based ethical red-teaming): we ask ethical hackers to attack APG so we can learn from the experience and better cover our risks.

Given the growing technological developments in the world, APG must continuously explore whether and where improvements are needed. In 2024, we asked an external research agency to look into how susceptible APG is to a potential cyberattack. APG has fast-tracked implementation of the recommendations from the report.

DORA

Digital security is also a key element of DORA, the law that took effect on January 17, 2025.

APG must comply with this law, which means we must demonstrate that our digital security is in good shape. This European act lays down what measures a company must take and that it must also be able to demonstrate that those measures have been taken.

The same goes for the Good Practice for Information Security, a set of guidelines and control measures provided by the Dutch central bank. Here too, the point is for companies to demonstrate that their information security processes are well-designed. In 2024, APG made a significant investment in order to comply with the new laws and regulations. In 2025, APG will make additional investments to continue to meet all requirements in full.

IT strategy and vision

APG has been redefining its IT vision and strategy. The goal is to guarantee security and keep the IT landscape up to date during all the transitions and to prepare it for the future. Power of execution is a definite focus in this regard: the ability of teams at APG to operate effectively, efficiently, and in demonstrable control and to implement changes, such as by relying more and more on cloud technology.

Artificial intelligence

In the field of artificial intelligence, the AI Act became applicable on August 1, 2024. This European act that lays down rules for the development and use of AI systems and gives rights to citizens who are affected by them. Based on this law, we have developed a vision and policy together with our pension fund clients to ensure that all our AI applications provide not only opportunities but also security.

> **“We explore how AI can help our staff perform their work even better.**

Within these frameworks, we analyze and test how AI can help our staff perform their work even better and thus boost the efficiency and quality of our services. We have been experimenting with generative AI in various places at APG. These digital assistants work entirely inside the APG environment and are completely protected from the outside.

In the meantime, we have been working for the whole organization on our own applications for what is termed a “large language model”, which is able to take on and process a large amount of information. Its functionality is similar to ChatGPT, but then within APG’s secure IT infrastructure and fed with APG-specific knowledge and information.

Digitalization at asset management

The digitalization of asset management is one of the strategic topics at APG Asset Management. It helps us to make the organization ready for the future, meet the requirements of the pension fund clients, boost flexibility and efficiency, and to be an attractive employer. That makes the availability and quality of data extremely important. Digitalization improves the quality, access to, and use of data so that we can create more value for our pension fund clients, such as in our interaction with clients, investment decisions, specific responsible investments, and various reports.

Platform in the cloud
In 2024, we reached a milestone in our digitalization program: implementation of a data platform in the cloud. This is a fundamental building block in realizing our vision for "all data at your fingertips".

The platform also forms the basis for implementing the ABP Universe and Inclusion 2.0. These two solutions will be used to convert the sustainability policies of our clients into investment portfolios. This will enable us to integrate ESG content into the share investment portfolios and to monitor the inclusion policy in a data-driven manner — all in accordance with ABP's criteria and the statutory requirements. Other digitalization products delivered in 2024 are the ESG Scorecard and the creation of an integrated client portal. Steps have also been taken in the realm of data analysis and visualization.

Completion of digitalization program
The digitalization program is large and complex, and its implementation logically presents some challenges. For instance, delivery of the order and execution management system (OMS/EMS) in 2024 was slightly delayed, but without

Dilemma

Use of GenAI versus risk control

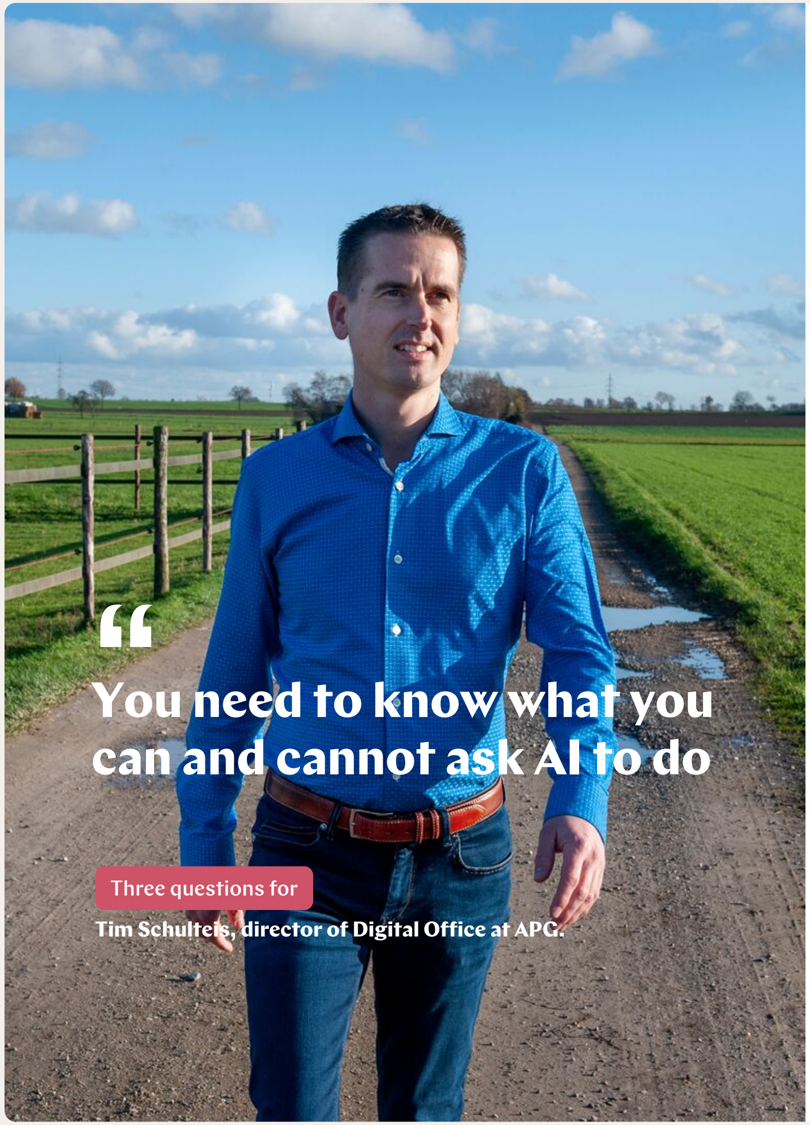
The year 2024 saw the implementation of cost-cutting measures at APG. To be financially healthy and competitive – especially after the transition to the new pension system – such cuts will be a priority in the coming years as well. This will have consequences for our workforce. At the same time, the funds for which APG works and the regulator are placing higher requirements on our services. That means achieving at least the same results at lower costs and sometimes with fewer staff. The use of Generative AI (GenAI) can help us achieve the necessary efficiency.

The dilemma is that the regulator seeks increasing insight into the creation of GenAI output and places high requirements on control measures. The pension funds, too, are cautious when it comes to GenAI applications that use "their" data. This makes it necessary to implement risk frameworks with intensive control measures. Only then can the risk appetite of the pension funds be satisfied. That creates tension. So the question is: how far is APG allowed and able to go in implementing and controlling GenAI without losing the technology's added value?

any impact on the total plan. In addition, implementation of the data platform, for example, came with some challenges. The intended results are expected to be delivered in late 2025 before completion of the digitalization program.

The digitalization program will enter the final phase in 2025, with increasing roll-out to the regular operations. We expect to complete the program towards the end of the year 2025. Even after 2025, we will continue to work on the data platform's expansion and to improve the processes to make the coming APG and AM strategy for 2030 possible. This will enable us to continue providing cost-effective investment services to our pension fund clients.

APG staff members meet in the atrium of the Edge West office in Amsterdam.



APG is banking on new technologies, including artificial intelligence (AI). But what does that mean in practice?
“Our basic principle is: how can AI help you in your daily life to do your work even better? We see AI as an assistant that never gets tired and helps you with day-to-day tasks. Security is always a top priority: our own data must remain within our own walls and in no way whatsoever be shared with the provider of the AI service. And we want colleagues to be trained beforehand: they need to understand what’s best to ask or not ask AI do to.”

How do you build that up?
“Step by step, with a focus on security in particular. Several pilot projects are under way. In 2024, we and a group of legal colleagues started with a specific AI assistant within the APG environment that knows exactly what information you are and are not allowed to access in the organization. So it knows all the emails in your mailbox and all the documents that you’re authorized to see. And that information remains within our secure environment. We chose this group because legal work is knowledge-intensive, with a lot of reading and searching for information. The assistant can help with finding the right documentation and legislative texts, for example. The pilot project shows not only that AI can make the work more efficient but that colleagues enjoy their job a lot more: they are able to focus on those tasks that enable them as professionals to make the difference.”

An AI tool from the Internet is not enough...
“No, publicly accessible tools like ChatGPT have too much of an open structure. What we definitely do not want is for everyone to upload their own APG documents to an open web interface and say: can you summarize this for me? Because then we run the risk of leaking company-sensitive or GDPR-sensitive information. We’ve taken the first steps to be able to start using such an application within our secure IT system. In an experiment, we’ve been feeding that model with APG-specific information so that our people can ask questions about APG situations. It’s a huge job that’s certainly going to take us some time, but we already have the first results. Technology is really on the move. I truly believe that a revolution in man and machine working in harmony has begun.”

Our financial position

2024 in the picture: Financial worries among seniors

Of the 3.7 million people in the Netherlands aged 65 and over, 46% (2.2 million) are sometimes concerned about their current financial situation. Thirteen percent of them have no financial buffer, as shown by the Purchasing Power Survey conducted by the National Senior Citizens Panel of ANBO-PCOB.

Our financial position

Our finances in 2024

APG's primary goal is to maximize pension value for the participants of our pension fund clients. APG must also achieve a healthy result and a return appropriate for a socially-oriented organization. In 2024, APG achieved revenue of €1.035 million (€1.002 million in 2023) and net profits of €14.3 million (€10.3 million in 2023).

The net profit in 2024 is better than the profit in 2023 and the planned profit for 2024. Our business plan for 2024 contains some relatively heavy transition-related investments in preparation for the new pension system. In 2024, these transition-related costs turned out even higher than in the business plan. However, the costs of the regular business activities in 2024 were lower, leading to a better-than-expected result. Part of the transition-related costs were charged to our pension fund clients. Although the costs of the regular business activities were lower than budgeted, they were still higher than in 2023.

The effective tax rate was 16.3% in 2024 (21.4% in 2023). With a solvency ratio of 54% (54% in 2023), our equity position is strong. Our operating cash flow for 2024 was positive.

Operating costs

Besides the investments in strategic initiatives, including the Pension of the Future, Integrated Data Quality Plan, and Digitalization programs, the operating costs rose compared to 2023, mainly because of higher personnel expenses. That was due to the collective labor agreements. The costs of external staffing were also higher than in 2023. Because of their temporary nature, the transition-related programs in particular saw more external staffing. There was a decrease in the costs of external staffing for the regular business activities.

Revenue

APG generates revenue through contracts with clients with whom we have a long-term client-provider relationship. Total revenue increased in comparison with 2023. Although the revenue from asset management was lower than in 2023, this was compensated for by the higher revenue from pension administration and transition services. Asset management revenue partly depends on the development of assets under management.

> **“In 2024, APG recorded revenue of €1.035 million and a net profit of €14.3 million**

This lower asset management revenue in 2024 is the result of revised target revenue figures and changes to the services provided. A distinction is made in the pension administration revenue between revenue for the regular business activities and payments received for the cost of strategic projects. Revenue for the regular business activities in the administration of pensions as well as the strategic projects increased in 2024.

Market position
The competitive position in the market for pension administration and asset management varies, as do the profit margins. Where the profit margin on services for pension administration is relatively low to even negative, we currently set that off against the profit margin on asset management activities. We expect that the per-participant price of pension administration will be lower after the introduction of the new pension system. By investing in the strategic projects now, APG will continue to improve its services, resulting in lower administration costs in the longer term.

Capital and dividend policy
Key principles in our capital and dividend policy are financial stability, room for possible strategic investments, no over-capitalization, and a required rate of return appropriate for a socially oriented organization. Our return target was based on a minimum return on equity on the one hand, and a minimum return on the total cost of our services on the other. The return target is in line with the tax transfer pricing. These tax guidelines apply because of the shareholder relationship that APG has with ABP. The net profit in 2024 means that we did not meet the target for the return on equity or the minimum return on the total cost of our services.

For 2024, the return on equity was 4.0% in comparison with 4.3% for 2023. Because of the investments required for the transition to the new pension system, APG accepts the lower return in 2024 and the coming years.

> **We expect relatively high transition-related costs in 2025 in particular.**

In 2024, APG distributed a dividend of €4 million to shareholders for the 2023 financial year. The proposed dividend payout for 2024 was calculated based on the analysis of available capital versus the required capital under APG's capital and dividend policy, and the statutory requirements under our asset management license. The dividend payout for 2024 is higher than that for 2023 because in 2023 a change was made in the required asset management capital. That lowered the dividend payout. No such change was made in 2024. The provisions on the appropriation of profit under the articles of association for 2024 are included in the financial statements.

Outlook

APG's focus for the coming years will be on serving the first funds in the new pension system and preparing for the transition of the other funds. At the same time, we will uphold the quality of their current services. We expect relatively high transition-related costs in 2025 in particular. Not all these costs can be charged to our pension fund clients; APG itself will need to absorb part of the expected losses through its shareholders' equity.
The transition-related costs are expected to drop gradually after 2025.

In addition, APG will focus in the coming years on structuring the organization and the business processes to be more efficient, resulting in lower costs of the regular business services after the transition. This will enable APG to offer competitive pricing and safeguard its financial health.

APG colleagues at the office in Heerlen

With the big transitions and the mountains of work, the atmosphere at APG is buzzing. How does that correlate with reorganizations and the loss of jobs?
“APG’s focus for the coming years is on making a success of the transition to the new pension system. In addition, we’re working towards a point on the horizon: a model where ABP, our biggest client, has more direction and control over the entire chain and where APG reduces costs to a competitive level. The first steps in this direction were taken in 2024, such as with the overhaul of the Marketing & Proposition department. Unfortunately, that also means a loss of jobs, but it’s necessary for operating more efficiently. At the same time, we’ll also be computerizing more processes. And that calls for a different IT landscape.”

Why is it so important to change APG’s IT landscape?
“Our current IT landscape is complex, which means it takes a lot of time to make changes. We want to modify our IT landscape so we can work efficiently and be as agile as possible. We also place high demands on the level of security to make sure that nothing disrupts our business activities. In addition, the future IT landscape will also help us to be and remain demonstrably in control. Many of the control measures are still implemented and documented by APG manually.”

In five years, will APG still be a leading pension administration organization?
“No matter what, we’ll see a different APG emerge from the various transitions in five years’ time: an APG that ranks among the global top in asset management and is leading in the administration of pensions, with competitive rates. This means that the “APG of the future” will be attractive to existing and potential new clients in the field of pension management — but we really won’t be tackling that until later. For now, we're completely focused on the transition to the Wtp.”

Our governance

2024 in the picture: Early retirement

Nine Kooiman (NPB) at FC Twente's soccer stadium. Police unions demonstrated for better early retirement during two major league soccer games.

Corporate governance

Good governance and honest business operations are essential to playing our important role in society the right way.

APG keeps a close watch on developments in laws and regulations and seeks to comply with them. We also adhere voluntarily to the Netherlands Corporate Governance Code, the standard for good corporate governance. In the rare cases that we do not apply the Code, we explain why. See also Corporate Governance on APG's website.

Executive Board

The Executive Board is responsible for the day-to-day management, the strategy, the progress of the results, and the sustainable performance and the social impact of APG. The Executive Board reports to the Supervisory Board and the shareholders.

We have risk committees at business unit and group level. The Executive Board is assisted by different boards, each of which has its own specific focus. They include the Strategic Clients Board (providing integrated services to pension fund clients), the Portfolio Board (the use of resources for change initiatives within APG), the IT Board (providing a controlled, secure, flexible, and future-proof IT landscape), the Data Board (data management), the Sustainability Board (sustainability and social impact), the DEI Board (diversity, equity, and inclusion), and the Innovation Board (innovation pipeline and innovation funding).

Composition of the Executive Board

The Executive Board comprises three members. Annette Mosman has been reappointed as chair of the Executive Board until 2029 (portfolios for Participants and Employers Services and Fund Operations, Strategy, Communications, Governance, Policy, People & Change, Facility Services, Internal Audit, and the Pension of the Future program).

Ronald Wuijster (portfolio for APG Asset Management and Sustainability) has been reappointed as a member of the Executive Board until 2026.

Maarten Blacquière has been appointed CFRO and member of the Executive Board (portfolios for Finance, Risk & Compliance, Tax, IT, and Innovation) until 2026.

Francine van Dierendonck stepped down from the Executive Board on October 1, 2024 after having served for six years.

Supervisory Board

The Supervisory Board is appointed by APG's shareholders and is charged with safeguarding the continuity of the organization with a view to creating long-term sustainable value for all of APG's stakeholders. It fulfills this role by monitoring the company's performance and results and by providing the Executive Board with advice. The Supervisory Board also plays an active role in contact with the shareholders.

The Supervisory Board plays a key role in the appointment and dismissal of members of the Executive Board and the Supervisory Board. The Supervisory Board compiles job profiles, recruits and selects candidates, and prepares the appointments. As the employer, the

Supervisory Board appraises the performance of the Executive Board and advises the shareholders on the remuneration policy. The shareholders are authorized to appoint and dismiss members of the Executive Board and the Supervisory Board and decide on their remuneration.

The Supervisory Board has two committees: the Audit and Risk Committee and the Remuneration and Selection Committee, both of which assist the Supervisory Board in its supervisory and advisory tasks. They also pave the way for decision making in certain areas. The external auditor is also present at meetings of the Audit and Risk Committee. The Audit and Risk Committee meets both the internal and the external auditor twice a year without the Executive Board.

Composition of the Supervisory Board

On January 1, 2024 the Supervisory Board comprised five members, with Peter Bommel as chair, Dick van Well as vice-chair, and Constant Korthout, José Meijer, and Sarah Russell as members. Dick van Well was succeeded by Lineke Sneller on November 1, 2024. Sarah Russell became vice-chair on November 1, 2024.

Shareholders

APG Groep NV has two shareholders. Stichting Pensioenfonds ABP holds 92.16% of the shares. Stichting Sociaal Fonds Bouwnijverheid has 7.84% of the shares. The Executive Board and the Supervisory Board had regular meetings with the shareholders throughout 2024.

External supervision

DNB, the Dutch central bank, is officially responsible for regulating pension funds, but not pension administration organizations, such as APG. This regulation covers the outsourcing of services to APG used to administer pensions. For this reason, APG holds regular meetings with DNB.

APG Asset Management manages assets for four pension fund clients and for asset owner partners (managers of investment institutions). The aim of the AOP fund is to give investors access to infrastructure investments that align with their long-term investment goals and risk appetite. APG Asset Management is responsible for managing the activities of the fund, for which it has been licensed by the Dutch Authority for the Financial Markets (AFM) under the Financial Supervision Act.

Asset Management is subject to the AFM's supervision under the AIFMD and MIFID, among other regulations. In addition, DNB exercises prudential oversight. To comply with the solvency and liquidity requirements, Asset Management follows the Internal Capital and Liquidity Adequacy Risk Assessment Process.

Tax

Horizontal monitoring

APG highly values open and honest relations with the tax authorities. APG and ABP again renewed the joint horizontal monitoring agreement with the Dutch tax authorities in late 2024. This agreement is based on "ongoing horizontal monitoring", meaning that the relationship is based on transparency, understanding, and trust. APG has set up a Tax Control Framework, which has been integrated into the APG-wide risk framework. The Dutch tax authorities increasingly rely on the internal control processes at APG. Our monitoring on a multi-year planning basis includes targeted analyses, process control, and the associated tax risks.

Responsible tax policy on investments
Our tax expectations for the companies in which we invest on behalf of our pension fund clients are based on four pillars: information about the company's tax strategy, tax transparency, effective tax burden, and known tax controversies. APG assesses its portfolio of listed shares in developed markets (with a market cap of at least €5 billion) using data within these four pillars.

Op the basis of this assessment, in 2024 we identified companies which we have started to engage in conversation about responsible tax behavior. Our initial efforts focused on gaining more insight into their tax behavior. We also took additional steps in integrating our own tax policy and that of our pension fund clients through our stewardship approach.

Please refer to APG's website for more information about our tax policy.

Meetings with the works council

Meeting frequency
In 2024, the monthly meeting between the works council and management was changed to once every two months. Two Article 24 meetings were held. In addition, more informal "feet up on the table" sessions were held with the entire works council.

A total of seven consultation meetings were held between the works council and management. Five "feet up on the table" sessions were held as well. The works council held 26 internal meetings.

The new meeting frequency with management was evaluated in September. This frequency will be maintained for now.

Requests for advice and requests for approval
In the year under review, the works council experienced growing pressure to respond quickly to requests for advice. They were often involved in new developments at an earlier stage and provided input, for example, for the first drafts of requests for advice. That did not apply to all business units — or at least not yet.

Although the transition to the new system will be high on the agenda the coming three years, many organizational changes are already under way at APG. This is partly the result of meetings between APG and ABP, which is APG's largest client and shareholder. Because of growing cost pressures on APG's services, costs need to be cut. The works council believes that this is the beginning of a turbulent period in the transition to APG 2030.

In 2024, the works council received and discussed multiple reorganization proposals. In the year under review, the works council dealt with sixteen requests for advice and three requests for approval. The works council also received 31 informative memos on various subjects. A request for advice within Fund Operations & Participant and Employer Services stood out in particular as it announced a significant reduction in jobs. This mainly had an impact on external staff, but it also affected APG colleagues.

A request for approval to modify the working hours of the Customer Contact Center was unfortunately withdrawn by management. It is unclear whether this request will be resubmitted.

Own-initiative proposal

The works council exercised its right of initiative to submit a proposal about the workings of the Future Center. The work of the Future coaches is currently outsourced to an external provider, and the works council is very concerned about that. The works council would like to see APG staff pick up the task again of reassigning and coaching surplus staff. After all, they know the organization well and have a strong internal network. This proposal was discussed at the consultation meeting in July. The Executive Board said it would study the proposal and present a plan. The works council is still waiting for the result.

Asset Management working group

In 2023, the working group was disbanded due to a lack of time and priority in the works council and among the AM policymakers, and it sometimes proved difficult to redistribute its tasks within the works council. The works council had no direct contact with the policymakers at Asset Management.

In this year under review, a number of members of the works council took the initiative, after several good discussions, to reinstate the working group. This has been working effectively so far, and it was also necessary given the issues and related challenges at Asset Management. The works council was loaded with work. That was mainly due to changes to the mandates from ABP and, as a result, the proposed reorganizations with impact on business units within Asset Management. We also expect a sequel to this in 2025.

Our remuneration policy

APG's remuneration policy is transparent and precise, reflecting APG's sustainable long-term vision and strategy. We focus on three main perspectives in our remuneration policy: internal proportionality, external proportionality, and the social context.

The remuneration policy for APG Groep N.V. was updated and adopted by the Executive Board on January 1, 2024. The Executive Board met with the works council, as a key stakeholder, during its making.

Internal proportionality

There must be a fair balance between the salaries paid to the Executive Board and those paid to the staff and between people working in different parts of the organization. Nor must there be any inexplainable differences in pay between men and women. If pay discrepancies exist, we must be able to justify them. We regularly monitor for this and take measures if necessary. More information about equal pay can be found in our sustainability statement.

In the Netherlands, APG has a generic job classification system where the weight of the position is linked to a salary scale. The relative position of the salary in the scale determines the amount of the annual fixed growth in salary. All this is laid down in APG's collective labor agreement.

External proportionality

We offer competitive remuneration in order to attract specific expertise or talent. This must always be transparent, consistent, and well-balanced. To achieve this, we use specific benchmarks for jobs and business units. We regularly assess the extent to which these salaries are consistent with the market. The vast majority of employees are subject to the APG company collective labor agreement, as agreed with the labor unions. The applicable salary scales for them are laid down in APG's collective labor agreement. A new APG collective labor agreement was concluded in 2024. It runs until July 1, 2026.

In balance with social responsibility

Our strategy is aimed at achieving maximum pension value. This contributes to the financial security of the participants of our pension fund clients, and it is our social responsibility. That makes it important to control costs. This will enable us to create sustainable value for the long term.

The sustainable employability of our staff matters to us, which is why we focus on training and development and help our staff to stay fit.

We offer a fixed salary, a good pension, and fringe benefits, such as a generous study cost allowance, a mental and physical health budget, and group occupational disability insurance. Day-to-day policymakers do not receive severance payments above 100% of their fixed annual salary.

Variable pay

Our remuneration policy must be consistent with our position in society and in the sector. APG in the Netherlands does not offer variable pay to staff or management. There is an exception for staff at APG Asset Management with a direct effect on investments because it is important to be able to attract the right people and to target investment performance using predefined performance criteria. Position and proven performance (against quantitative and qualitative targets) play a role when setting the level of variable pay.

Variable pay depends for 50% on non-financial performance, measured against sustainability indicators for example. Categories of staff who have a material impact on the Asset Management risk profile are identified every year and earmarked as “identified staff”. Our remuneration policy includes control measures for those categories. In this context, half of the variable pay is held back and paid in three equal portions in the second, third, and fourth years after the year that the results were delivered and after a reassessment of performance.

Staff working for the subsidiary Entis may also qualify for variable pay (within limits), whereby quantitative and qualitative performance also plays a role. We never guarantee awarding variable pay or employee retention pay. The latter also applies to offices outside the Netherlands unless relevant laws and regulations allow otherwise. We may, sporadically and only in the first year of employment, agree to pay a sign-on bonus.

We do not want our remuneration policy, and variable pay in particular, to lead to “perverse incentives”. We conduct regular risk analyses to ensure this is not the case.

Remuneration abroad

In other countries, performance-related pay is often a larger part of the total pay package. This is due to the local culture, legislation, and labor market. Variable pay helps us to recruit the right staff members and target performance. This variable pay has a different structure and can be higher than in the Netherlands. We look very carefully at whether, and when, variable pay should form a larger proportion of the total pay package. We consider this in terms of internal and external proportionality and the social context.

Assigned variable pay

In 2024, the total amount of variable pay was €49.3 million (€63.7 million euros in 2023). Of this, €39.9 million (€55.0 million in 2023) related to the foreign offices APG US, APG Hong Kong, and APG Singapore. The €15.1 million decrease was partly caused by a changed pay structure in the US to be more consistent with the pay structure in the Netherlands. Other factors are, for example, changes in the exchange rate, workforce, and performance. In the Netherlands, there was a slight increase in the variable pay awarded. This was partly due to pay raises in the collective labor agreement and the increase in the number of staff who qualify for variable pay.

In 2024, 21 members of APG Asset Management staff (24 in 2023) were awarded total pay of over €1 million. All of these staff worked outside the Netherlands, mostly in private equity in the US. The total remuneration package comprises fixed salary and variable pay.

Responsibility

We comply with the laws and regulations on restrained remuneration. We also adhere to the Netherlands Corporate Governance Code. The Executive Board is primarily responsible for the general remuneration policy. The Supervisory Board monitors this and receives advice from the remuneration committee. The formal authority to decide the remuneration for individual members of the Executive Board rests with the general meeting of shareholders, under the guidance of the Supervisory Board.

The management board of APG Asset Management is responsible for implementing APG Asset Management's remuneration policy, which must adhere to the framework of the general remuneration policy of APG Group. Asset management activities are managed by an independent company. APG Asset Management has its own Supervisory Board with a remuneration committee. This Supervisory Board determines the general remuneration policy for APG Asset Management based on a proposal of the management board and with support from a multidisciplinary review committee. The members of this review committee represent People & Change, Risk, Compliance, and LTR. They work together closely to align the design, regulation, and monitoring of the remuneration policy. The internal accountant does not sit on this committee but carries out independent periodical checks of the design, implementation, and application of the policy.

Remuneration of the Executive Board

The remuneration policy for the Executive Board is also based on internal and external proportionality and the social context. The internal ratio between the salary of the chair of the Executive Board and the average salary of members of staff was 4.7 (4.5 in 2023). The ratio for APG Nederland alone is 5.8 (5.8 in 2023). For the financial years 2018 to 2022, the latter internal pay ratio was 5.9, 5.9, 6.0 ,5.7, and 5.7 respectively.

These internal ratios for 2024 and previous years were determined on the basis of principles set out in the current Netherlands Corporate Governance Code, applicable from the 2023 financial year.

We assess external proportionality using a weighted benchmark of similar companies in the administrative services, financial services, asset management, and semi-public sectors. This reflects the social context. The Executive Board is enrolled in the same pension scheme as the staff. Its members are not eligible for variable pay.

We apply the same principles to members of the Supervisory Board. Their pay must be an incentive for them to perform their duties to a satisfactory degree and must be in keeping with their responsibilities. The notes to the consolidated profit and loss account (in the financial statements) contain a summary of the remuneration of the Executive Board and the Supervisory Board.

The Executive Board remuneration report for 2024 is available on apg.nl.

In 2024, SPW was awarded four stars by Gouden Oor. This is the second highest level for services for and communication with participants.

Risk management

Risk management helps to create pension value for the participants of our pension fund clients. APG identifies and manages risks from an integrated perspective, in the interests of pension and asset management. We weigh up the financial and the social values.

Integrated risk management

Risk management is important to APG, and it is vital for staff to be constantly aware of the potential risks. Weighing up risks and opportunities on the basis of our risk appetite is an intrinsic part of our day-to-day work at every level of the organization. Our integrated risk management framework encompasses risk culture, risk governance, risk policy, risk appetite, the risk management process (backed up by the risk and control framework), and risk reporting. Our integrated risk management is explained in the following sections.

Risk culture

Risk culture is expressed by the behavior of our staff. It can be seen in our way of decision making, leadership, and communication. The promotion of a culture of risk awareness, where opportunities and risks are compared with our risk appetite during our daily work, forms the basis for sound and effective risk management at APG. We strive for a decisive, action-oriented culture where we respond actively to risks that are part and parcel of an ever-changing society. We are committed to a professional risk culture and the right tone at the top.

Risk management process

APG encourages risk awareness by promoting the following principles:

- The Executive Board is responsible for risk management: identifying and controlling risks associated with APG's strategy and activities;
- The Executive Board and management boards clarify the importance of risk management to the rest of the organization. Risk appetite is defined, determined, and broadly promoted;
- This enables staff to describe APG's risk culture;
- Identifying risks and issues and making them the subject of discussion is encouraged and valued;
- We strive for informed decision making, where demonstrable risks assessments are made. Taking undesirable and irresponsible risks, targeting short-term results and personal gain, is discouraged;
- The independent status of the risk and compliance functions is respected by the Executive Board and the management boards;
- The HR system of appraisal and pay (remuneration) supports the desired behavior.

Risk governance

APG bases its risk management and control on the "three lines of defense" model. The first line is formed by Pension Administration, Asset Management, and the staff departments at APG. They are primarily responsible for risk management. Risk management and compliance (the second line) provides the first line with advice and support and acts at the same time as a "counterforce". The internal audit function forms the third line of defense. The risk committees in the various business units, the Executive Board, and the Audit and Risk Committee of the Supervisory Board ensure that the responsibility for risk management is safeguarded.

Risk policy

APG has a set of risk and compliance policy frameworks within which it aims to control its risks. These frameworks guide the first line, enabling them to implement risk management as part of the regular business activities.

Our risk taxonomy, as embedded in our policy, comprises five risk categories. These cover the material themes ensuing from the double materiality assessment in 2023 and serve as a guideline for "Our results in 2024". The risk categories are strategic risks, operational risks, financial reporting risks, compliance risks, and financial risks. Each category sets out the principal risks associated with APG's activities. Every year, APG updates the greatest risks posed by external developments, strategy, and business operations for each category.

Assessing and limiting fraud risks is a high priority for APG. Our basic principles are set out in a code of conduct. The guidelines and processes for managing, reporting, and dealing with incidents of fraud are set out in our fraud policy. Assessing and limiting fraud is an integral part of our Risk and Control framework. Fraud is assessed through risk self-evaluations of processes and through Systematic Integrity Risk Analysis (SIRA). Critical control procedures have been implemented to prevent and/or limit fraud. Fraud or a suspicion of fraud can be reported to the fraud coordinator. In 2024, APG looked into several external attempts to commit fraud at Pension Administration and Asset Management. These included falsified signatures and falsified life certificates. In addition to its fraud policy, APG has a system for reporting misconduct and irregularities anonymously.

Risk management process

To safeguard controlled and honest business operations, APG has established a risk management process based on COSO ERM. The risk management process is designed to monitor the development of the risk profile in relation to the risk appetite. Identifying, evaluating, managing, and monitoring risks are all part of this continuous process. Compliance sets out the changes to legislation and regulations in the compliance report. The business units are responsible for incorporating these changes into the processes and control measures. The risk and control framework provides insight into the effectiveness of the control measures to keep the risks within the risk appetite. This ensures that we stick to the desired risk profile.

Risk report

We monitor activity continuously on the basis of the five risk categories. Part of the operational risk management process is being demonstrably "in control", both inside the organization (corporate) and outside (on behalf of our clients). Every quarter, we report to the APG risk committee and the Supervisory Board's Audit and Risk Committee about the current risk profile. The quarterly risk report is the conclusion of our risk management process.

Risk profile in 2024: high pressure

2024 was a year in which APG's risk profile came under increasing pressure because of our rapidly changing environment. This includes the changes to the organization for the transition to the new pension system, the implementation of new laws and regulations in areas such as IT, and continuously strengthening our IT security. The main themes and focus areas in relation to the trend in our risk profile are explained below.

Smooth transition to the new pension system

For a smooth transition to the new pension system, we created the Pension of the Future program where the lines from the "three lines of defense" model are represented. We keep our pension fund clients informed of the effectiveness and controlled implementation of the program activities. The meetings with and analyses by the regulators have been intensified. We are also preparing for the situation after the introduction of the new pension system. The impact on every business unit will be different, so an assessment will be made for each one to see what they need for the new pension system. Risk management is one aspect of this.

Responsible administration costs and cost-increasing effects in 2024

With regard to responsible administration costs, we are keeping a close watch on the lowest possible average cost per participant. One of the challenges is that APG is confronted with the cost-increasing effects of inflation, investments in our Pension of the Future program, and implementation of the laws and regulations, such as DORA. The trend in revenue and costs, now and in the future, is a key focus for APG in determining our strategy and in our business planning cycle.

Maintaining good client relations

Good client relations are important, and the agreements made with our pension fund clients about our services are generally being met. Nevertheless, the transition to the new pension system and the ensuing changes have been creating pressure at our pension fund clients. Furthermore, the investment results in various investment categories paint a varying picture and are partly disappointing. These developments can put pressure on our relation with clients. APG holds ongoing open discussions with pension funds clients about relevant themes and risks.

Integrated IT framework
APG must increasingly meet requirements arising from new laws and regulations, such as DORA. We are working on an integrated IT framework to ensure that we comply with them efficiently and effectively.

Digital security and IT risks
A disruption of the IT systems, such as by a cyberattack, is an important risk. We are keeping a watch on that and are taking preventative, detective, and responsive measures.

In 2024, we worked internally to define key areas for demonstrating our IT control measures. We also asked an external research agency to test our digital security to be sure that we have implemented the right safeguards so that malicious intruders stand no chance. We are taking the internal focal points and the recommendations from external research seriously and are addressing them on a project basis.

Compliance risks
In 2024, we improved our compliance risk management in view of the new rules taking effect regarding the duty of care and pension communication from the Wtp. The compliance rapport in 2024 therefore shows a focus on our duty of care and clear communication to participants for the pension funds that transferred to the new pension system on January 1, 2025. These topics are part of Compliance's risk taxonomy and are being closely monitored so that APG and its pension fund clients can comply with the laws and regulations.

Continuous attention is also paid to the integrity of the organization, the staff members, and corporate relations. For example, we create ongoing awareness of staff integrity policy and the APG Code of Conduct.

In addition, in 2024 APG carried out a SIRA to identify any integrity risks (including new risks) and take the necessary control measures. The findings will be reported to our pension fund clients. These activities contribute to honest, controlled business operations and, more importantly, to APG providing optimum services to its pension fund clients and their participants.

Reporting risks
Our risk management and control systems provide a reasonable degree of certainty that APG's annual report does not contain any material misstatements. The effective functioning of these systems is evaluated continually throughout the year. On the basis of the results, the Executive Board has declared that there are no material risks or uncertainties that may impact the "going concern" expectation for APG. Also see the In Control Statement below this section.

We issue Standard 3402 and Standard 3000A reports about the services for pension administration and asset management to offer our clients independent assurance about the design and functioning of the monitoring and control measures. The external auditor provides assurance for these reports.

In Control Statement

As the Executive Board of APG Groep NV, we are responsible for the design, existence, and operation of the internal risk management and control systems. The aim of the internal risk management and control systems is to manage the strategic, financial, operational, compliance, and financial reporting risks when achieving APG's objectives. In the previous risk section, we explained our foremost risks, our internal risk management and control systems, and any possible shortcomings.

While the internal risk management and control systems were set up on the basis of internationally accepted and applied standards, they cannot provide absolute certainty that financial reporting will not contain any material misstatements, nor that the systems will be able to prevent all errors or cases of fraud or non-compliance with relevant laws and regulations.

The material risks and control measures were identified and recorded in the APG IRM framework.

APG's Executive Board monitors the design and functioning of the internal risk management and control systems and carries out a systematic review of them at least once a year. This review covers all material measures aimed at controlling strategic, operational, financial, compliance, and reporting risks, and considers, among other things, identified weaknesses, misconduct and irregularities, concerns raised by whistle-blowers, and findings from the internal audit function and the external auditor. Improvements have been made to the internal risk management and control systems where necessary.

Statement by the Executive Board of APG Groep NV

The Executive Board of APG Groep NV declares that:

- the APG Groep NV annual report provides insight into the principal shortcomings in the functioning of the internal risk management and control systems;
- the improvements made and due to be made have been explained;
- The risk management and control systems provide a reasonable degree of assurance that the annual report of APG Groep NV does not contain any material misstatements;
- The APG Groep NV annual report has been drawn up correctly based on the going concern principle;
- There is no evidence of material risks or uncertainties that are relevant to APG Group NV's going concern assumption for a period of 12 months from the preparation of the APG Group NV annual report.

Members of the Executive Board

Annette Mosman

(female, 1967, Dutch nationality)

Chair of the Executive Board since March 1, 2021. Annette's focus areas include Pension of the Future and, as of October 1, 2024, the portfolio for Participant and Employer Services and Fund Operations.

Annette has been appointed chair of the Executive Board for a second term. Her reappointment, as of March 1, 2025, is for a period of four years.

Annette has extensive management experience in the financial sector. Before joining APG, Annette was the chair of the Executive Board of insurer Generali Nederland.

Other positions as of March 11, 2025:

- Board member and treasurer, Vereniging NOC*NSF (stepped down as of November 18, 2024)
- Board member, Stichting TBI and Stichting TBI Fundatie
- Supervisory Board member, Ajax NV (stepped down as of December 16, 2024)
- Supervisory Board member, Stichting Netspar

First appointed to the Executive Board: February 6, 2018 as CFRO, appointed chair on March 1, 2021. Re-appointed as chair on March 1, 2025.

Maarten Blacquière

(male, 1967, Dutch nationality)

Maarten was appointed Chief Finance & Risk Officer (CFRO) on April 1, 2022. His main focuses are Finance, Risk & Compliance, Tax, and IT.

Maarten has expertise in all aspects of financial operations. He has held various management, operational, and staff positions in the energy sector. As Chief Financial Officer, he was a member of the Executive Board of network operator Enexis; and as Chief Financial Officer, he was a member of the Executive Board of GasTerra.

Other positions as of March 11, 2025:

- Supervisory Board member and chair of the Audit Committee, Slingeland Hospital in Doetinchem
- Supervisory Board member, Ultra-Centrifuge Nederland (UCN) NV

First appointed to the Executive Board: April 1, 2022.

Ronald Wuijster

(male, 1966, Dutch nationality)

Member of the Executive Board with a focus on APG Asset Management (APG Asset Management) and Sustainability. He also chairs the Executive Board of APG Asset Management.

Joining APG in 2006, Ronald has vast asset management-related technical skills, is very knowledgeable about all facets of the AM business, and has extensive investment experience relevant for APG's investment strategy and that of its pension fund clients.

Other positions as of March 11, 2025:

- Chair of the Dutch Fund and Asset Management Association (Dufas)
- Executive Board member, FCLTGlobal
- Member of the GISD Alliance (UN Global Initiative on Sustainable Development)
- Board member, APG Trading BV
- Board member, APG Liquiditeiten Beheer BV

First appointed to the Executive Board: March 6, 2018, reappointed March 6, 2022.

Members of the Executive Board who stepped down in 2024:

Francine Roelofsen - Van Dierendonck

(female, 1976, Dutch nationality)

Francine van Dierendonck stepped down as a member of the Executive Board as of October 1, 2024. She was responsible for the Participant and Employer Services and Fund Operations business units. These responsibilities have been assumed by Annette Mosman.

Relevant other positions as of October 1, 2024:

- Supervisory Board member and RemCo chair, Koninklijke Haskoning DHV Groep BV
- Chair of the Advisory Board, European Leadership Platform
- Chair of the Advisory Board, Slingshot Ventures

Members of the Supervisory Board

Peter Bommel

Chair

(male, 1961, Dutch nationality)

Relevant other positions as of March 11, 2025:

- Chair, VU Vereniging
- Supervisory Board member and Audit Committee chair, Flynth Adviseurs
- Board member, Elite Sport Fund of the Netherlands Olympic Committee (stepped down as of December 2024)
- Board member, NOC*NSF
- Advisor, Imperial Feet
- NL Groeit mentor

First appointed to the Supervisory Board: April 1, 2023, term of office: 4 years.

Sarah Russell

Vice-Chair

(female, 1962, Australian nationality)

Relevant other positions as of March 11, 2025:

- Supervisory Board member and vice-chair (and chair of the Audit Committee, chair of the Remuneration and Nominations Committee), The Currency Exchange Fund
- Supervisory Board member, chair of the Audit Committee, member of the Risk and Capital Committee, member of the Nominations Committee, ABN AMRO NV
- Supervisory Board member, APG Asset Management NV

First appointed to the Supervisory Board: May 15, 2021, term of office: 4 years.

Constant Korthout

Member

(male, 1962, Dutch nationality)

Relevant other positions as of March 11, 2025:

- Supervisory Board member and chair of the Risk and Audit Committee, Knab bank (stepped down as of November 1, 2024)
- Vice-Chair of the Supervisory Board and chair of the Audit Committee, Royal Dutch Touring Club (ANWB)
- Supervisory Board member and chair of the Audit Committee, Dijklander Hospital
- Supervisory Board member and chair of the Risk Committee, BNG
- Supervisory Board member, APG Asset Management NV
- Independent non-executive director and member of the Audit Committee, Delen Private Bank
- Supervisory Board member and chair of the Audit and Risk Committee, Blauwtrust Groep

First appointed to the Supervisory Board: August 1, 2023, term of office: 4 years.

José Meijer

Member

(female, 1955, Dutch nationality)

Relevant other positions as of March 11, 2025:

- Chair of PvdA Weert and surrounding area/Groen Links (political party)
- Board member of the Pension Fund for Hairdressers

First appointed to the Supervisory Board: September 5, 2020, reappointed September 1, 2024.

Lineke Sneller

Member

(female, 1965, Dutch nationality)

Relevant other positions as of March 11, 2025:

- Professor of Practice in Digitalization & AI in Accounting, Control, Governance, and Auditing at the University of Groningen
- Advisory Board member, Netherlands Institute of Internal Auditors
- Supervisory Board member and chair of the Assurance Quality Committee, EY Nederland BV
- Supervisory Board member, Infomedics Holding BV
- Supervisory Board member, Van Wijnen Holding BV
- Member of the Nominations Committee of the Supervisory Board, NPO

First appointed to the Supervisory Board: November 1, 2024, term of office: 4 years.

Members of the Supervisory Board who stepped down in 2024

Dick van Well

Vice-chair

(male, 1948, Dutch nationality)

Dick stepped down as vice-chair as of November 14, 2024.

Relevant other positions as of November 14, 2024:

- Supervisory Board member, Avenue Beheer BV
- Advisory Board member, LSI Project-investment NV
- Independent chair, Stichting Administratiekantoor PPF Participatie Fonds
- Board member, Stichting Continuïteit Feyenoord

Sustainability statement

2024 in the picture: Dike reinforcement
In the Flood Protection Program, 21 Dutch district water boards and the Ministry of Infrastructure and Water Management are collaborating on the largest dike reinforcement operation since the Delta Works. Hundreds of kilometers of dikes will be reinforced in the coming years.

Contents

97 Introduction
97 Approach to sustainability reporting
97 Basis of reporting and the chosen criteria

102 Strategy and business model
102 Strategy, business model, and value chain
103 Summary of material topics per ESRS

106 Managing sustainability issues
106 Composition
106 Roles and responsibilities
108 Monitoring of sustainability topics handled in 2024
108 Due diligence statement

109 Risk management
109 Framework for sustainability risk management

111 Environment
113 Climate change – Climate change mitigation

126 Social
130 Own workforce – work-life balance
133 Own workforce – Gender equality and equal pay for work of equal value
134 Own workforce – Training and development skills
136 Own workforce – Diversity
141 Consumers and end-users – Access to information

146 Business conduct
149 Business conduct – Company culture, corruption and bribery
151 Business conduct – Relationships with politics and lobbying activities
153 Business conduct – Managing supplier relationships and payment practices

155 Sustainability statement appendix
156 Reference table
161 Definitions of all metrics
167 Policy documents

Sustainability targets, performance, and goal

Environment	Place in value chain	2023	Target for 2024	2024	Target for 2025	Long-term goal
Climate change mitigation						
CO_2eq-neutral operations (in metric tons)	◀●▷	≤ 1,595	≤ 2,030	1,514	≤ 1,678	0
Sustainable travel and mobility (CO_2eq in metric tons)	◁●▷	4,003	≤ 5,990	3,695	≤ 5,920	≤ 5,996
Residual waste reduction (%)	◁●▷	35	< 25	35.6	< 20	0
Social						
Work-life balance						
Number of employees*	◁●▷	3,690	-	3,758	-	-
Family-related leave (% of employees)	◁●▷	-	-	4.4	-	-
Outflow employed 0-5 years** (%)	◁●▷	7.2	≤ 8	8.6	-	-
Employee engagement score	◁●▷	78	≥ 77	76	≥ 77	-
Gender equality						
Equal pay (M/F) adjusted pay gap (%)	◁●▷	-	-	0.05	<1.5	-
Training and development						
Employee engagement score for 'growth opportunities'	◁●▷	76	-	74	≥ 70	-
Employee engagement score for 'insight into relevant skills'	◁●▷	76	≥ 75	75	≥ 75	-
Employee engagement score for 'skills development'	◁●▷	72	≥ 75	73	≥ 73	-
Leadership positions filled internally (%)	◁●▷	-	≥ 50	81	≥ 50	-
Diversity						
Share of women APG-wide (%)	◁●▷	37	38	37	38	-
Employee engagement score for 'belonging'	◁●▷	77	79	77	≥ 79	-
Employee engagement score for 'able to be myself'	◁●▷	81	82	81	≥ 82	-
Access to information						
Participant satisfaction	◁●▶	-	-	7.7	-	-
Participant satisfaction, KPIs met (%)	◁●▶	-	-	77	≥ 80	-
Business conduct						
Managing supplier relationships and payment practices						
Sustainable and social enterprise (%)	◀○▷	18.5	10.0	23.5	20.0	-

◀ upstream ● own activities ▶ downstream | * number of employees excludes Entis Holding BV & Entis BV ** company-specific metric

Introduction

We are constantly looking for ways to improve the sustainability statement. Although the mandatory Corporate Sustainability Reporting Directive (CSRD) is expected to take effect before the publication of our 2025 annual report, we have chosen to start reporting on it this year already.

Under the CSRD, companies are required to comply with the European Sustainability Reporting Standards (ESRS). The requirements for the report on environmental, social, and governance (ESG) issues are described in detail.

Approach to sustainability reporting

In previous years, we already followed several sustainability reporting guidelines, such as the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). That provided an integrated approach to financial and non-financial information. And the guidelines of the Task Force on Climate-related Disclosures (TCFD) enabled APG to report transparently about climate-related risks.

The ESRS provide a framework that covers many of the aforementioned guidelines. In this new sustainability statement, we have combined our prior statements to provide one comprehensive view. This helps us to report transparently about our current performance and future goals. The main results of this change relate to the supplementary reports about policies, actions, metrics, and targets in relation to sustainability. This statement for 2024 paves the way to full compliance with the CSRD in the year that the regulation takes effect. We see the process as a valuable learning opportunity and an essential part of our sustainability goals.

Basis of reporting and the chosen criteria

The sustainability statement for 2024 contains information about APG Groep N.V., its group companies, subsidiaries, and joint ventures that are consolidated into the financial statements (as described on page 232). The sustainability statement has been prepared on the basis of our own criteria. These criteria are based on the European Sustainability Reporting Standards (ESRS) and, where necessary, our own specific criteria. Additional information about these bases is given on page 157, “Appendix to the sustainability statement and Reference table.

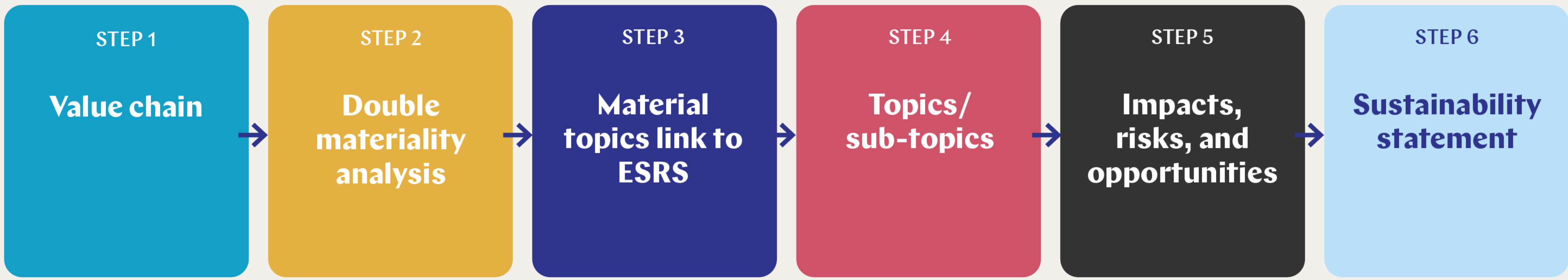
This sustainability statement is an integral part of our management report, making a certain degree of overlap between themes inevitable. So as not to repeat any more information than necessary, we refer to the relevant parts of the management report where needed.

The reference table lists the topics that have been included in the sustainability statement. These topics have been prepared on the basis of the reporting requirements of the ESRS for the specific topic. If the ESRS reporting requirements have not been applied, this is indicated in the reference table with a footnote. If a business-specific criterion has been applied for a reporting requirement instead of using the ESRS, this is also indicated in the reference table with a footnote. The basis for calculating the business-specific criteria (quantitative metrics) is then explained in more detail in "Definitions of metrics" as part of the appendix to the sustainability statement.

We have taken ESRS 1 as the basis for structuring our sustainability statement. ESRS 1 describes the architecture of ESRS standards. It explains concepts and fundamental principles and sets out general requirements for preparing and presenting sustainability-related information. ESRS 2 describes topics that apply to multiple sustainability frameworks. These are examined in the "Basis of preparation", "Strategy and business model", and "Managing sustainability issues" chapters.

A key focus of ESRS reports is the double materiality analysis. This analysis identifies the material sustainability effects based on impacts, risks, and opportunities (hereinafter referred to as "IROs") We performed this analysis in this way for the first time in 2023. This was recalibrated in the first quarter of 2024.

The results of the double materiality analysis are included in the "Strategy and business model" chapter. They serve as the basis for our reports in the "Environment", "Social", and "Business conduct" chapters.



Upstream and downstream value chain

Explanatory notes to how we report

In the described value chain, sustainability is integrated directly and indirectly into APG's activities. APG already provides transparency on sustainability in reports required by law, such as the SFDR, that set requirements for reporting on sustainability in investments. The SFDR report explains how APG integrates sustainability risks into the investment process for pension fund clients. It also explains what the negative impact of investments is on the environment and society.

To prevent overlap in the sustainability statements, such as between the CSRD and the SFDR, APG exercises the option of not reporting on investments in the CSRD sustainability statement. The bill on the CSRD Implementation Decree provides the option of excluding asset management activities from the reporting requirements. This means that the asset management activities are not seen as part of APG's value chain and therefore fall outside the scope of the CSRD report.

CSRD requires that companies report not only on their own activities but also on the upstream and downstream activities in their value chain. APG's value chain can be divided into:

Upstream: suppliers, shareholders, the sector, and regulators.

Own activities: pension administration, asset management, and supporting activities.

Downstream: activities of clients for pension administration, clients for asset management, and the community.

As a result, APG's value chain can be illustrated as follows. The grayed out areas do not fall within the scope of CSRD.

Value chain

"Upstream activities"

Suppliers

General suppliers:
office, research, IT, external recruitment, external advice, etc.

Asset Management suppliers:
office, research, IT, external recruitment, external advice, etc.

Shareholders

ABP 92.16%
SFB 7.84%

Regulators

AFM, Dutch central bank, Dutch tax authorities, etc.

APG's own activities

Primary activities

Pension administration

- **Managing pension administration**
- **Effective control of pension administration**
- **Participant communication**

Asset Management

- Third-party management assets (fiduciary management)
- Collective asset management activities
- Individual asset management for specific clients

Supporting activities

Supports pension administration and Asset Management

- finances
- compliance risk and legal
- human resources
- IT
- procurement
- general and support services

"Downstream activities"

Pension administration

Pension funds: ABP, bpfBOUW, Pensioen Schoonmaak, Pensioenfonds Architecten-bureaus, PPF APG, PWRI, SPMS, SPW

4.7 million pension participants

22,500 employers

Asset Management

Pension funds:
ABP, bpfBOUW, PPF APG, SPW, and AOP users

Community

DUFAS, Dutch Federation of Pension Funds, etc.

Explanatory notes to specific circumstances

Inclusion by reference

Certain ESRS requirements are closely related to the transparency that we already provide. To prevent overlap, we refer to other sections of this annual report for the reporting requirements from the following standards:

SBM-1 Description of our business model and strategy: see About APG.

Gov-1 Role of management and regulatory bodies: see Corporate governance.

Gov-3 Integration of sustainability-related performance in compensation systems: see Our remuneration policy.

Time horizons

We assess material effects, risks, and opportunities in the short, medium, and long term. The short term refers to the reporting period of APG's financial statements. Although sustainability issues often do not manifest themselves until in the longer term, it is crucial to focus on the short and medium term as well in order to be proactive.

That calls for foresight in our report. For financial information, we focus on the annual reporting period while we apply the following definitions for future-looking information about material effects, risks, and opportunities within sustainability statements:

- One year as the short term;
- Between one and five years as the medium term;
- More than five years as the long term.

If our time horizon varies from the general guidelines, we state that along with the relevant material matter.

Sources of estimation and outcome uncertainty

When preparing qualitative and quantitative reports, we use judgments, estimates, and assumptions that are essential for the information presented. When we report future-looking information, such as targets, goals, and plans, we recognize the inherent uncertainties and emphasize that such information may change. An important aspect of using estimates and assumptions is the knowledge that this information is uncertain. Actual results may vary from prior estimates.

Assurance about sustainability information

Besides the statutory audit of the financial statements, our external auditor KPMG provided limited assurance on parts of E1 - Climate change and S1 – Own workforce of the sustainability statement. The information in this sustainability statement that is in scope of KPMG's assurance activities is included in the appendix to the sustainability statement. The external auditor's assurance report can be found starting on page 255.

Strategy and business model

APG's strategy is described in chapter 1 of the annual report. The sustainability strategy is an integral part of that. In this section, we discuss APG's sustainability goals in more depth.

Strategy, business model, and value chain

APG wants to be a leader in sustainability For this purpose, we assess for each sustainability topic which organizations are leading nationally and internationally. We also learn from our peers in the financial sector. Within that aim, we focus on our core activities of pension administration and asset management, on making our business operations more sustainable and inclusive, and on our local social responsibility. This will help APG to promote the SDGs. More information is included in chapter 1 of the management report.

Strategy and material themes

The DMA of 2023 was updated in the first quarter of 2024. This shows a robust strategy for 2025 and that no changes need to be made to the business model, value chain, strategy, or the decision making on the basis of materials IROs. The material themes are linked to our strategy above. These themes influence the strategy and form the basis for business planning.

In our value creation model, we show how we create value, how we contribute to the United Nations Sustainable Development Goals, and what our intended impact is on people and society.

Interests and views of stakeholders
We work for our pension fund clients and for the employers and the participants who have joined those funds. Other key stakeholders include our own employees, shareholders, the entities we invest in, strategic partners, and regulators. We share our knowledge with our stakeholders. We value their expectations, and we talk to them about our goals, our strategy, and the road that lies ahead. We continuously gauge stakeholders' thoughts about APG's strategy and operation. Our Stakeholder Dialog Policy sets out how APG sees the interests and views of its main stakeholders. The Stakeholder Dialog Policy also clarifies how these insights are translated into APG's strategy and business operations.

Material impacts, risks, and opportunities
We regularly report, both internally and externally, on the connection and dependencies of relevant aspects for our sustainable long-term value creation. We use the connectivity model for this purpose. This is a key element of our business planning. This model provides the guidelines we need to steer the stakeholder analysis, right up to APG's impact on society.

Summary of material topics per ESRS

APG performs an extended double materiality analysis (extended DMA) once every three years. The short, medium, and long term of IROs is taken into account during the analysis of double materiality. The last extended analysis was performed in 2023. The DMA is recalibrated each year. A new extended analysis will follow in 2026.

The material topics for 2024 are the same as in the prior financial year. An analysis of the IROs was performed for the first time in 2024. APG's extended DMA comprises the following steps:

Process of the double materiality analysis

1	Definition of the scope	The scope of the entities included in the non-financial information is the same as the basis of consolidation in the financial report, unless stated otherwise. The specific CSRD report (and the designated data points on the basis of ESRS) focuses on the value chain, as defined by the Executive Board at the end of 2024.
2	Definition of topics	APG uses various information sources to identify the themes and define topics, assign sub-topics, and determine the scope of the topics. Various internal and external sources that cover the value chain and the short, medium, and long term are included in the longlist of topics. This longlist is used to create a shortlist of 20 potential material topics.
3	Definition of stakeholder field	APG's main internal and external stakeholder groups are included in APG's Stakeholder Dialog Policy.
4	Collecting information from external stakeholders and internal experts	Part of the study is the external stakeholders survey, followed by in-depth interviews with external stakeholders. The stakeholder perspective is captured by both the survey and the interviews. Internal experts are surveyed and interviewed to gain insight into the IROs in the value chain and their size. They gain insight into the external stakeholder perspective for validation.
5	Assessment of impact materiality and financial materiality	**Impact materiality** shows APG's impact on the environment and society. This is assessed by internal experts to determine its severity (scale, scope, and irremediable character) and probability, with scores from 1 to 5. These scores are multiplied together to determine the impact materiality. **Financial materiality** focuses on the financial effect on APG itself and is assessed by internal experts to determine impact and probability using the same scoring methodology as for impact materiality.
6	Definition of IROs by internal experts	The IRO analysis is conducted at least annually, and its results are validated during the DMA. ESRS standards and IROs are decided on in workshops with internal experts.
7	Prioritizing topics, definition of threshold values, and listing differences between internal/external views for shortlist	The DMA steering committee uses the outcome of the aforementioned steps to present a threshold value for impact and financial materiality to the Executive Board. In an extended DMA, it is advisable to document the differences in views between the internal and external stakeholders in order to paint a picture of what the world outside sees differently and where it may have different expectations.
8	Definition of material topics by the Executive Board	The Executive Board defines the threshold values, material topics, and IROs.
9	Use of material topics in accordance with the connectivity model	The final list of material topics forms the basis for the content of the annual report. The material topics are also used in strategy formation, the risk management process, and the business planning process.

The extended DMA resulted in the identification of 10 material themes. These themes were already mentioned in the "About APG" chapter, and the ensuing results are discussed in more details in the Our results in 2024. In the sustainability statement, the 10 themes are linked to the reporting requirements of the CSRD. The flowchart from the CSRD (ESRS 1, Appendix 1) was one of the tools used to include the relevant information in accordance with the ESRS requirements. This has resulted in the greatest possible integration of the following ESRS standards:

ESRS 2 General sustainability reporting disclosures
- E1 Climate change
- S1 Own workforce
- S4 Consumers and end-users
- G1 Business conduct

The "Environment", "Social", and "Business conduct" chapters set out the IROs per sub-topic of these ESRSs, including their scope in the value chain. These topics are then discussed in more detail in terms of policy measures, actions, and performance indicators.

Please see the appendix to the sustainability statement for the reporting requirements that have been included in this annual report.

Managing sustainability issues

This section described the governance processes, procedures, and internal control measures to monitor and manage sustainability issues. The focus here is on the decision making of the Executive Board and the Supervisory Board and how they are informed by committees, experts, and working groups.

Composition

To control ESG issues effectively, the Executive Board and Supervisory Board must have the right means to make the best decisions for APG's sustainability goals in the short, medium, and long term.

For information about the composition and diversity of the Executive Board and the Supervisory Board, please see the "Corporate governance" chapter.

Roles and responsibilities

The roles and responsibilities of the different committees, experts, and working groups regarding sustainability reporting are described below.

Executive Board

The Executive Board is responsible for APG's sustainable long-term value creation and therefore the sustainability strategy and the establishment of procedures to control sustainability risks. Tasks include preparing and publishing APG Groep's annual report (containing the management report, including the sustainability statement and financial statements). The DMA provides important input for this process. The Executive Board decides on the final DMA, IRO analysis, and CSRD-related KPIs, and goals. The DMA is part of the CEO's portfolio. Sustainability is part of the portfolio of the CEO of APG AM.

Supervisory Board

The Supervisory Board monitors the policy of the Executive Board and has advisory powers. The Supervisory Board is informed of the outcomes of the DMA, IRO analysis, and CSRD-related KPIs by the Audit and Risk Committee (ARC) and the Remuneration and Selection Committee (RemCo). The ARC is responsible for monitoring APG's sustainability reporting process (implementation) and sustainability risk control. The RemCo advises on and prepares the decision making of the Supervisory Board that relates to the selection, appointment, and remuneration policy. The RemCo also monitors that the execution of this policy contributes to sustainable long-term value creation.

Sustainability Board
APG wants to be one of the pioneers when it comes to sustainability. The Sustainability Board keeps a watch on how this goal progresses. Regarding CSRD governance, it has also been decided that the Sustainability Board will:

- present a proposal for KPIs to the Executive Board annually before the framework letter;
- critically assess the goals of the targets as formulated by the various departments during the BP process;
- starting from 2025, monitor and report the progress on APG's sustainability statement not only annually but now also on a quarterly basis.

Governance structure

Roles and responsibilities

Supervisory Board
Monitors sustainable long-term value creation
Supervisory Board's Audit and Risk Committee
Monitors sustainability reporting
Supervisory Board's Remuneration and Selection Committee
Monitors selection, appointment, and remuneration policy

Executive Board
Responsible for sustainable long-term value creation

APG Group Risk Committee
chair CFRO

Sustainability Board
chair: Executive Board member

Corporate Sustainability Risk Coordinator

Group Sustainability Officer

Risk Committee

The corporate sustainability risk is one of the main strategic risks in our management policy. This concerns the risks of APG's being exposed to unforeseen and/or undesirable sustainability-related issues in the value chain (such as violations of human rights, bribery and corruption, environmental damage, impact on climate change, transparency obligations).

The Group Sustainability Officer issues a risk view every three months, which is formed in part by the IROs from the DMA. APG's Risk Committees see to it — in addition to the Executive Board and the Supervisory Board — that the overall responsibility for risk control is set down in writing.

Monitoring of sustainability topics handled in 2024

The Executive Board and/or Supervisory Board dealt with a range of sustainability topics in 2024. These included the following:

- Sustainable long-term value creation
- Sustainability statement (based on CSRD)
- Double materiality analysis (DMA)
- APG's value chain
- Sustainable investments
- Diversity and inclusion
- Human rights policy, including complaints mechanism for investment activities
- Remuneration policy, including equal pay
- Sustainability statements (including UNGC)
- Stakeholder Dialog Policy

For more information about these topics, please see the report of the Supervisory Board.

Due diligence statement

Our process for sustainability due diligence (hereinafter referred to as "due diligence") is a continuous process where we identify, prevent, limit, and account for the actual and potential negative and positive impact on the environment and the people involved in our activities. In addition, we address the associated risks and opportunities that ensue from that process. This process forms the basis for our assessment of the main IROs.

We have integrated the core due diligence processes for people and the environment into our governance and APG's business model. For more information about the due diligence processes that we performed in 2024 in relation to the identification and assessment of potential sustainability issues, we refer to the discussion of our DMA, stakeholder dialog, and our connectivity model.

Risk management

Risk management is important to APG. To safeguard controlled and honest business operations, our risk management process is based on the principles of the Committee of Sponsoring Organizations (COSO) and Enterprise Risk Management (ERM).

Framework for sustainability risk management

The risk management process — APG Integrated Risk Management (AIR) — is an important part of our integrated risk management approach. This starts by determining the risk appetite and culminates in a risk report. This also assists in issuing an In Control Statement.

Within the AIR framework, we have a risk taxonomy that is updated every year. This taxonomy serves as a framework for identifying, evaluating, controlling, and monitoring risks. The corporate sustainability risk is one of our main risks. This concerns the risk of APG being exposed to unforeseen or undesirable sustainability issues.

For more information about our approach, please see the Risk management in the management report.

We have established sound governance procedures to control sustainability risks. The Sustainability Board acts APG-wide as the decision making body for sustainability issues.

In 2024, we used performance reports to monitor every three months whether we had achieved our sustainability goals. In 2025, that will be every six months. We report on exposure to sustainability risks, such as violations of human rights, bribery and corruption, environmental damage, impact on climate change, and transparency obligations, every three months in the risk report. This is part of the corporate sustainability risk.

Risks are weighted on the basis of the APG Risk Heat Map (matrix to determine probability and impact). We take control measures when necessary but at least when exposure to the corporate sustainability risk exceeds APG's risk appetite.

Transparency obligations, such as SFDR and CSRD — and the CSDDD and EU Taxonomy in the future — were part of the corporate sustainability risk in 2024. Sustainable working methods everywhere in the organization also need to become a matter of course. Reports on the current sustainability risks and associated control measures are made to the various risk committees on a quarterly basis. In addition, we share the findings with the audit and risk committee of the Supervisory Board.

In 2024, the corporate sustainability risk exposure remained within APG's risk appetite.

To embed the sustainability goals more firmly, the Executive Board has decided, starting in 2025, to integrate sustainability into the business plans of APG's business units to emphasize that it is one of their targets.

We listed the requirements for the sustainability statement, such as data and documentation, as part of the CSRD implementation project. Process and data owners were appointed on this basis. APG has decided to integrate the processes into the existing processes. Working methods and control procedures were sharpened where necessary. The control environment and its status are part of our risk and control framework and are evaluated when the risk exposure arises. We report on the results of our control systems and internal risk control systems in the section on the <u>In Control Statement</u>.

The results of the double materiality analysis in 2024 are consistent with the results in 2023, which means that the impact on the risk management cycle remained limited.

Environment

Climate change is one of the great challenges of our times, with perceptible consequences, such as more extreme weather, higher sea levels, and changes in biodiversity, caused by the increase in greenhouse gas emissions.

As APG, we take our responsibility by making our business operations more sustainable to reduce their negative impact. So since 2019, we have been working on sustainability plans and taking concrete steps, such as in our office accommodation and transportation.

IROs sub-topic

Climate change mitigation

Although APG has taken demonstrable steps in recent years to limit this negative impact, a negative impact still exists. The current negative impact of our business operations is caused in part by the emission of CO_2 and CO_2 equivalents (CO_2eq). The use of our office buildings, for example, is one source. Others are the traveling behavior of our staff and the waste produced and water used by our organization. In addition, we contribute indirectly to CO_2eq emissions by purchasing goods and services needed to support our business operations. A current risk is that the cost of sustainable alternatives often outweighs the benefits. That makes it less financially attractive to adopt them.

At the same time, the rising prices of electricity and natural gas present a current opportunity to invest in energy efficiency and renewable sources of energy. This can contribute to sustainable business operations and, in the long term, also result in lower operating costs.

The tables below summarize the impact of the sub-topic and the related policy documents aimed at mitigating or preventing negative impact and stimulating positive impact. For more information about the policy documents, please see the appendix to the sustainability statement.

Climate change

Material topic	Sub-topic	Impact materiality		Financial materiality	
		Positive	Negative	Risk	Oppor-tunity
Energy transition and climate change	Climate change mitigation		□	□	□

■ potentially has, to a certain degree, a positive or negative impact □ is potentially a risk or opportunity
□ potentially has, to a certain degree, a positive or negative impact □ is potentially a risk or opportunity

Environment

Policy document	Contents	Place in the value chain
Climate transition plan	The climate transition plan describes the goals, targets, and KPIs for reducing APG's CO_2eq emissions and to define an approach	◀ ● ▷
Mobility policy	APG's mobility policy assists staff in making sustainable decisions for the way in which they travel	◀ ● ▷ *

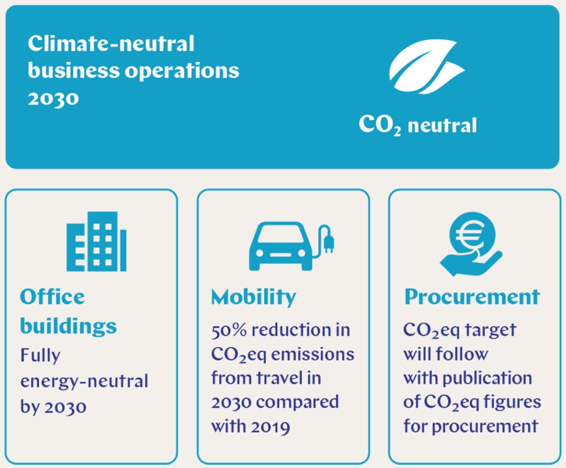
◀ upstream ● own activities ▶ downstream | * for employees in the Netherlands

Climate change – Climate change mitigation

Our goal

APG's sustainability goal is to have climate-neutral business operations by 2030. This means that we aim to reduce our net (market-based) CO_2eq emissions for Scope 1 and Scope 2 to zero by 2030 and to halve our Scope 3 emissions compared with 2019.

Decarbonization levers



APG's goal has been converted into three decarbonization levers, from now on referred to as targets, where we aim to include all topics that define the CO_2eq footprint of APG's business operations.

1. Office accommodation: our Scope 1 and 2 CO_2eq emissions in relation to APG's office space will be in line with the Paris Climate Agreement by 2030 at the latest.
2. Transportation: 50% reduction in CO_2eq emissions from traveling in 2030 compared with 2019.
3. Purchasing: the CO_2eq emissions for purchasing will be identified, after which the target will be formulated with the goal of alignment with the Paris Climate Agreement.

Staff will be actively stimulated through communications, policy, and programs to make more sustainable choices, for example in how they travel to work, such as by using public transportation, biking, or carpooling. In addition, they will be encouraged to consciously choose sustainable alternatives during their work, such as working online and separating their waste. This will help our staff to contribute to APG's sustainability goals.

Base year

Our base year for all emissions data is 2019. For us, this marks the beginning of becoming more sustainable. It is the first systematic report on our emissions, on which our goals and targets are based. We admit that this emissions data contains a certain degree of uncertainty and limitations.

Since 2019, we have further refined our methodology to make the data more reliable. This includes the use of consistent measuring methods, improving the quality of data, and extrapolating data where necessary. To improve the completeness and accuracy of our report, this data — along with other new insights — was added to the base year with retroactive effect.

In spite of the limitations of the base year, we have decided to maintain it as the basis for our climate transition plan in 2024 and 2025. This is because we are continuing our current sustainability efforts in a consistent manner, where the impact on Scope 1 and 2 will remain limited through our goal not to cause any more CO_2 emissions by 2030. In 2025, we will focus specifically on obtaining more information about our Scope 3 emissions, especially those caused by our procurement activities. In 2026, this is expected to result in a new base year, new targets, and a revised version of the climate transition plan. We will also capitalize on the transitional period for the CSRD as we continue to develop our approach to this topic.

Our approach to climate transition

In 2019, APG took an important step in strengthening its sustainability goals. This resulted in a detailed set of sustainability goals and targets in 2020. Our approach and methodology to achieve these goals and targets consists of three steps:

1. **Saving energy**: we save and avoid consuming energy within our business operations where possible.
2. **Use of sustainable sources**: we generate our own energy where possible or purchase energy locally (economically) and in a sustainable manner. We demonstrate this through guarantees of origin.
3. **Compensation:** we offset the remaining CO_2eq emissions (Scope 1 and 2) that we cannot avoid or that we cannot purchase on a CO_2eq neutral basis. APG aims to be climate-neutral by 2030 for its own business operations, where a maximum of 5% will be offset (in comparison with the base year). This means that our reduction targets will need to be feasible with the current technologies and market conditions. APG will offset the remaining CO_2eq emissions by using Gold Standard carbon credits, outside the EU.

To guarantee the quality of our emissions report, APG has developed a procedure based on the Greenhouse Gas (GHG) Protocol for measuring greenhouse gas emissions. This document also contains the policy for calculating (and recalculating) the base year.

We continue to do our best to improve our reporting system and to refine it where necessary to make our emissions data increasingly accurate and easier to compare. This approach and methodology, including the use of offsetting, is laid down in the climate transition plan and forms part of our policy here.

Climate transition plan

A transition plan for climate change mitigation has been prepared to reduce the CO_2eq footprint of APG's business operations. This was developed as a climate transition plan, as stated in the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards — Environmental Standard 1 (ESRS E1).

Our climate transition plan describes our ambitions, targets, KPIs, and governance. In 2025, we at APG will further identify the impact of the EU taxonomy, and we expect to include this impact in our reports on that same year. The targets stated in the climate transition plan were developed with internal stakeholders, such as Facility Services, Procurement Services, and People & Change. The transition plan was evaluated and approved by APG's Sustainability Board and formally adopted by APG Groep N.V.'s Executive Board.

APG's Sustainability Board monitors and controls progress on the ambitions, targets, and KPIs contained in this transition plan. It is the responsibility of APG's units to meet these targets by developing and implementing initiatives. The KPIs are included in the annual plans of the various business units. Progress and results, including the associated CO_2eq emissions, are reported to APG's Sustainability Board twice a year.

Our transition plan is updated once every three years, or more often if necessary, to keep up to date and in pace with the latest internal and external developments.

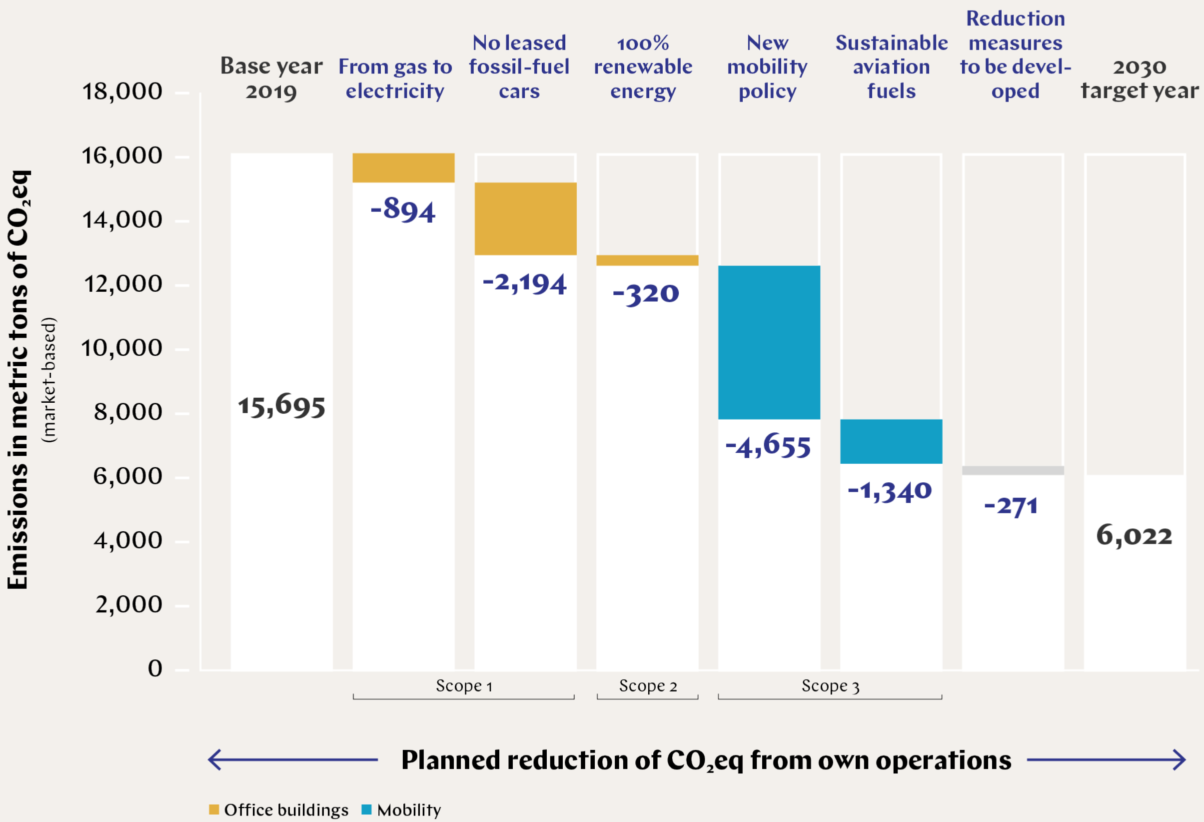
Reduction measures, targets, and progress

Reduction measures for own business operations

The introduction to the “Environment” chapter describes the relevant policy that has been established at APG to contribute to achieving our sustainability goals. Besides policy, APG has adopted various reduction measures that aim to reduce the CO_2eq emissions caused by our business operations.

The figure shows the effects of the planned reduction measures on APG’s CO_2eq emissions between 2019 and 2030, expressed in metric tons of CO_2eq. For us to meet our targets and goals, further reductions in CO_2eq emissions for certain business units will be required. However, initiatives still need to be developed in some areas. The CO_2eq emissions of our procurement activities are a good example. We expect to include those emissions in the figures and the base year starting in 2025 and to develop initiatives to align that with our goals.

Planned reduction measures



APG's goals and targets cover the entire Scope 1, 2, and 3 of our own business operations, including our procurement activities.

The CO_2eq emissions concern emissions from APG's own activities and upstream emissions. For downstream emissions, such as possible indirect CO_2eq emissions caused by participants, employers, and pension funds, the CO_2eq emissions are not material because they are mainly produced by the activities in APG's value chain and its upstream emissions, such as in the use of our online portals for participants.

Scope 1, 2, and 3 emissions

The table below gives a summary of the trend in our CO_2eq emissions for Scope 1, 2, and 3 up to 2030. The targets for 2050 within APG have not been defined yet and will be added in the sustainability statement for 2025.

The gross market-based Co2eq$_2$eq emissions for Scope 1 and 2 of our operations dropped further to 1,514 metric tons in 2024. The gross location-based figure was 4,365 metric tons (the figures for 2023 were 1,595 gross market-based metric tons and 6,191 gross location-based metric tons). APG's target in 2024 was to emit a maximum of 8,072 gross market-based metric tons. The total gross location-based CO_2eq emissions per FTE have decreased by 59% since 2019. In 2024, APG recorded total gross location-based CO_2eq emissions of 2.3 metric tons per FTE.

Emissions per scope

	Retrospective				Milestones and year; target		
	(Base year) 2019	Comparative*	2024	% N/N-1*	2025	2030**	Annual target % 2030/ base year***
SCOPE 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2eq)	3,176	N/A	1,159	N/A	1,339	0	9%
Scope 1 emissions from regulated emissions trading systems (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SCOPE 2 GHG emissions							
Gross location-based greenhouse gas (GHG) emissions (tCO_2eq)	4,516	N/A	3,206	N/A	N/A	N/A	N/A
Gross market-based greenhouse gas (GHG) emissions (tCO_2eq)	477	N/A	355	N/A	339	0	9%
Significant SCOPE 3 GHG emissions							
Total gross indirect (Scope 3) greenhouse gas (GHG) emissions (tCO_2eq)	12,043	N/A	3,729	N/A	5,972	5,972	5%
5. Waste generated in operations	52	N/A	34	N/A	52	26	5%
6. Business travel	7,895	N/A	1,910	N/A	****4,286	3,948	5%
7. Commuting	4,096	N/A	1,785	N/A	1,634	2,048	5%
Total GHG emissions							
Total GHG emissions (location-based) (tCO_2eq)	19,735	N/A	8,094	N/A	N/A	N/A	N/A
Total GHG emissions***** (market-based) (tCO_2eq)	15,695	N/A	5,243	N/A	7,650	6,022	6%

* For 2023, there are no comparative figures in relation to 2024. The methodology was modified in 2024 in line with ESRS. A comparative year will be included starting in 2025
** By 2030, APG expects to reduce Scope 1 and 2 to virtually 0
*** This column presents the percentage by which emissions must decrease annually compared to the base year, to achieve the 2030 target
**** The goals and ambitions for mobility will be updated in the next version of the climate transition plan
***** Because of rounding, the sum of the market-based greenhouse gas (GHG) emissions (tCO_2eq) varies by 1 metric ton
N/A = not (or not yet) available

Measurements and targets

APG is hard at work on making its own business operations more sustainable. We use KPIs to achieve our targets and monitor progress. The table to the right shows the KPIs that are included in APG's annual plans for sustainable office accommodation, transportation, and procurement.

Measurements and targets

Target	Activity	KPI	2024	Target for 2024	Target for 2025
Office buildings	**CRREM alignment** (see energy intensity)	# of the 4 CRREM pathways	3/4	4/4	4/4
Office buildings	**Climate-neutral operations**	Gross market-based emissions CO_2eq in metric tons (Scope 1)	1,159	1,690	1,339
		Gross market-based emissions CO_2eq in metric tons (Scope 2)	355	340	339
Office buildings	**Certification** (preferably BREEAM)	Number of certificates	4/4	4/4	4/4
Office buildings	**Residual waste reduction**	Residual waste from office buildings (%)	36	25	20
Mobility	**Fuel for lease vehicles**	Gross market-based emissions CO_2eq in metric tons	359	900	799
Mobility	**Sustainable travel and sustainable mobility** (air travel, business travel, commuting)	Gross market-based emissions CO_2eq in metric tons	3,695	5,990	5,920

Benchmarking, framework, and methodology

APG currently falls outside the EU benchmarks that are aligned with the Paris Agreement. In addition, the government does not yet have any specific decarbonization program for the financial sector, which means there is no direct benchmark for reaching the 1.5°C target.

To be in line with the climate targets of the Paris Agreement, APG has integrated a benchmark into its targets for each topic.

- For office accommodation, APG follows the CRREM pathways.
- For transportation, APG is a member of the Anders Reizen (Travel Differently) Coalition.
- For procurement, we are currently exploring which benchmark is the most suitable.

Together, the aim of these three targets is to reduce the CO_2eq emissions for Scope 1 and 2 to virtually zero. For Scope 3, APG aims to achieve a 50% reduction by 2030 in comparison with 2019. This is in line with the Absolute Contraction Approach of SBTi.[1] With these targets, APG is in line with the 1.5°C pathways used by SBTi and in the Paris Agreement.

APG updates its sustainability targets whenever the climate transition plan is revised while taking into account future developments, such as changing legislation, technological innovations, shifts in the market, and client needs. Currently, neither our climate targets, methodology, nor CO_2eq emissions are validated externally, other than by our external auditor.

[1] Based on the CO_2eq emissions known and calculated in 2024, excluding our procurement activities.

Office buildings

Energy and CO_2eq intensity

The Carbon Risk Real Estate Monitor (CRREM) method was used to assess the energy intensity of our office locations and greenhouse gases. This makes use of the energy consumed and, in the case of the GHG protocol, refrigerants leaked, divided by the leased floor space. We want to keep office buildings below the CRREM 1.5-degree pathway, and are trying to reach the targets for 2050 before that date. The method is still new and serves as a benchmark for APG. APG expects to make improvements in the methods for measuring and reporting according to the CRREM in the coming year. In 2024, we achieved our KPI for office buildings in accordance with the Paris Agreement for three of the four locations. The New York location is still above the 1.5 degree pathway for GHG intensity.

CO_2 intensity*

(kg CO_2/m²/year

		2022	2023	2024	2024 target 1.5° pathway	2050 target 1.5° pathway
Netherlands	Heerlen	10.9	13.0	14.8	40.9	0.5
	Amsterdam	0.0	0.0	0.0	40.9	0.5
United States	New York	-	44.7	41.8	30.6	0.5
China	Hong Kong	55.5	26.8	0.8	96.8	0.5

Energy intensity*

(kWh/m²/year

		2022	2023	2024	2024 target 1.5° pathway	2050 target 1.5° pathway
Netherlands	Heerlen[1]	187.9	168.2	157.3	147.0	85.0
	Amsterdam	30.6	43.6	45.2	147.0	85.0
United States	New York	-	140.1	130.2	164.9	85.0
China	Hong Kong	78.2	81.1	82.6	189.6	60.0

* The figures from prior years have been recalculated on the basis of new insights to improve their comparability with 2024
1| Energy consumption at the internal data center in Heerlen is not included in these calculations

From gas to electricity

Part of our commitment is to reduce our Scope 1 and 2 emissions to almost zero metric tons of CO_2eq emissions. Gas is an important component within Scope 1. Electrification will further reduce our emissions. Our location in Heerlen currently uses natural gas. The original plan was to partially transition from gas-fired heating to heat pumps during 2024. We have not yet achieved this due to the technical complexity involved. APG has reserved approximately €4 million for this and still expects to complete this transition in 2025. APG expects the installation of heat pumps to lower Scope 1 emissions considerably and to further increase the location's sustainability.

Some equipment, such as the heat pumps that are to be installed, uses refrigerants. If these refrigerants escape into the atmosphere, they can contribute an additional greenhouse gas (GHG) emission, in the form of HFCs and other fluorinated gases. APG converts these emissions to CO_2-eq based on the Global Warming Potential (GWP) of the materials in question. When choosing installations, the refrigerants required are assessed according to their GWP value, in accordance with Dutch legislation and the European F-gas Regulation.

During the past year, we have made good progress on sustainability in Heerlen. 550 solar panels have now come into operation which we use to generate around 200,000 kWh of local, renewable energy. In addition, the old energy-inefficient strip-lights in the parking lots have been replaced by energy-saving LED lighting.

When it comes to electricity consumption, the locations in Heerlen and Amsterdam use exclusively renewable energy sourced from Dutch and European wind. Since 2024, the location in Hong Kong has transitioned almost entirely to renewable wind energy (95 percent). In 2025, we will investigate further how electricity can be supplied more sustainably to our office in New York.

Certification

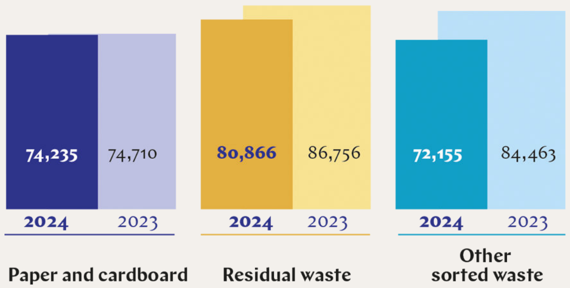
We aim to work in offices that have been certified as sustainable. Our office in Amsterdam, Edge West, is compliant with BREEAM and has been rated "outstanding". The current BREEAM status of the office in Heerlen has again been determined to be "very good." In 2023, Hong Kong attained the highest possible LEED score and New York renewed its LEED Gold status in 2024. LEED and BREEAM (sustainability and energy efficiency building classification standards) enable us to demonstrate and present our commitment to sustainable office buildings.

Residual waste reduction

APG wants to reduce its residual waste to almost zero by 2030. In 2024, residual waste accounted for 35.6% of the total waste produced (35.3% in 2023). This is 22.5 kg residual waste per FTE (24.5 kg of residual waste per FTE in 2023). These percentages exceed those stated in our goals. This can be attributed to the higher percentages of residual waste at our New York and Hong Kong locations. In 2024, a zero-waste policy plan was established for our sites in the Netherlands. This concerns the waste at APG's office buildings in the Netherlands.

In 2024, we abandoned the use of disposable coffee cups in the Netherlands. We introduced a sustainable concept of reusable glasses at our offices in Amsterdam and Heerlen. This has enabled us to save around 450,000 cups per year.

Waste in kg



Policy

APG has not drawn up a specific policy for office buildings, apart from the one already included in the climate transition plan. This deviates from the sustainability goals for mobility and procurement. The reason for this is that APG uses long-term leases. New office building issues are assessed project by project, based on the organization's wishes and requirements applicable at the time.

Mobility

Mobility is one of the categories in which APG generates a considerable amount of Scope 3 emissions. Our goal is to halve these emissions per FTE in 2030 when compared with 2019. For 2024, we had established a goal of 5,990 metric tons of mobility-related Scope 3 emissions. The amount we achieved was 3,695 metric tons.

When compared with the previous year, we saw a decrease in air travel. The reason for this is the standardization of the method of calculation based on the GHG protocol and a decrease in the number of kilometers flown. The emissions from our fleet are also decreasing quicker than planned. This is driven by the increase in electric vehicles in the fleet.

In the years to come, APG expects to further reduce emissions caused by air travel by taking the train more frequently for international trips and by using more sustainable aviation fuel (SAF). The availability of SAF depends on the establishment of a new SAF factory in the Netherlands. At the moment, we are assuming that SAF will be available from 2028. The operating costs of SAF are passed on based on actual usage.

With respect to the base year 2019, APG has achieved a reduction in emissions of 69 percent for the mobility section of Scope 3. As a result, we are on track to attain our sustainability goals for 2030. At the moment, APG is not expecting any additional investments for mobility.

Sustainable procurement

At APG, our goal is to maintain consistency with the Paris Climate Agreement. At the moment, we still have insufficient insight into the CO2-eq emissions to report effective targets.

APG's intention is to do business with sustainable suppliers. APG prefers to select suppliers whose products, services and operations make a demonstrable contribution to social issues and perform better in the fields of sustainability and social enterprise than their competitors. Just like APG, our suppliers also cause CO_2-eq emissions related to Scope 1, 2 and 3. We therefore take a look at our suppliers' operations (their Scope 1 and 2 emissions) and that which is ultimately supplied to APG through subcontractors (their Scope 3 emissions).

In previous years, sustainability formed part of our procurement processes, but without any explicit focus on CO_2-eq reductions. In the next one to three years, we will make this more tangible and translate it into KPIs and initiatives that will lead to reductions. Furthermore, we expect that external developments, such as the Corporate Sustainability Reporting Directive (CSRD), will stimulate the market to further reduce emissions.

From 2025, APG will map out CO_2-eq emissions caused by procurement, including any additional investments. Based on this analysis, we will formulate concrete goals and optimize the existing procurement policy. We will report on the results in 2025.

Where do we currently stand on our ambitions for making APG's operations more sustainable?
"We are where we wanted to be on our journey towards demonstrably CO_2-eq-neutral operations by 2030. We have achieved our KPI at three of our four locations with regard to the CO_2-eq intensity of our office buildings. We have also further reduced the emissions resulting from air travel. Moreover, we have made important choices to further reduce our emissions. For example, we will install heat pumps in Heerlen in 2025."

What are the biggest challenges in the area of sustainability, both now and in the future, that APG is facing in its own operations?"We differentiate between direct and indirect CO_2-eq emissions. We have focused specifically on reducing direct emissions and mobility. For instance, we are looking explicitly at reducing our travel. Our preference is for colleagues only to fly when they have no other choice. This already works really well, but we can improve even more by flying Economy Class more frequently instead of Business Class. From 2025, we are going to map out our indirect CO_2-eq Scope 3 emissions, for items that we purchase. This is quite a challenge, because how do you measure, for example, the emissions caused by a desk that has been purchased? Or a laptop? This is what we're going to work on, together with our colleagues from Procurement. We do not want to just buy the cheapest laptop, but preferably also the most sustainable one. In an organization in which cost saving is high on the agenda at the moment, that is sometimes quite a challenge."

What is the most important goal for 2025?
"There are several of them, but the fact that we are starting to use heat pumps at our offices in Heerlen, and that we will therefore be operating almost without gas, is a major step forward. This has proved to be a complex process, but by the end of 2025 we will have managed it. We expect to save around 85% of our gas consumption. We already make significant use of renewable sources, such as wind from the Netherlands. This will be a step further in this direction. All in all, we are making great progress with our sustainability. We are really proud of this."

Social

The working environment at APG will change drastically in the years to come. With the transition to the new pension system, the changed investment principles, strategic reorientations, and digitalization, work will change in almost every area. We need fit, resilient people who can adapt to the constantly changing environment and have the right skill set for now and in the future.

Our double materiality analysis has identified the agility of our organization as a material theme. Our employees are one of the most important stakeholders that we distinguish when we establish Impacts, Risks, and Opportunities (IROs). As part of our ESRS materiality assessment and the subsequent IRO analysis, our reporting in this sustainability statement focuses on topics and sub-topics relating to work-life balance, diversity and gender equality, equal pay for work of equal value, training and skill development. Further explanations can be found in the section Social – Own workforce.

Pensions are about people, about life and the community. At APG, we work every day to administer pensions. In doing so, we help to link generations and prevent poverty for millions of people. Every day, APG works hard to turn something as complicated as a pension into something that is personal and tangible for many Dutch people. Together, we make a difference for 4.7 million people and 22,500 employers. We ensure that people can rely on a financially secure future, particularly in a changing society. Further explanations can be found in the section Social – Consumers and end-users.

IRO subtopics

Work-life balance

A healthy work-life balance is essential for the well-being and productivity of our employees. By keeping an eye on this balance, we reduce the possibility of higher sickness absence and employee turnover, as well as lower work morale. This contributes to sustainable employability and better performance. This is not only good for our employees, but also contributes to the success of our organization as a whole and will therefore mitigate any financial risk. At the same time, we appreciate that the approaching transitions may put pressure on our employees' work-life balance. it is important to ensure that our employees feel secure, including a safe work environment and psychological safety. We can prevent stress and burnout by acting proactively. In this way, we can maintain continuity within the organization and limit any negative consequences.

Gender equality and equal pay for work of equal value

Equal opportunities, pay and appreciation, regardless of gender, are essential components of an honest and equitable work environment. Transparency in this regard strengthens our dedication to equal opportunities and equal treatment of all employees so that every single one feels recognized and respected. We realize, however, that the same opportunities and possibilities are not always available for all members of staff. This reinforces the importance of active policies and measures to foster equal opportunities and remove inequality, thereby reducing any potential negative impacts.

Training and skill development

The continuous development of skills and knowledge is essential for personal growth and professional performance. We recognize the importance of training and development as a foundation of our success and offer our employees access to extensive learning and development opportunities. In so doing, we strengthen their talents and make full use of their potential. This not only advances their professional development, it also reinforces their engagement and satisfaction. At the same time, we realize that too little focus on learning and development can have consequences, such as obstacles to career growth and lower levels of employee engagement. As a result, we continue to invest in the development of our staff and limit any potential negative impacts, such as lower levels of engagement.

Diversity

Our diverse employees contribute unique perspectives and ideas that enrich the services that we provide. Diversity and the guarantee of equal treatment and opportunities form an important cornerstone of employment at APG. We strive for an inclusive work environment, in which every individual feels valued and respected. We recognize, however, that a lack of diversity can lead to a feeling of unfair representation among underrepresented groups. This has an influence on employee satisfaction and can give the impression that the voices of certain employees are not heard. APG tries to minimize any negative impact by means of its policies and the objectives that it sets.

Access to information

Access to clear and accurate information is vital for our participants. Incorrect or incomplete information can seriously damage the trust of participants and hinder them when making balanced financial decisions. This can have a negative impact. Not only does it increase the potential risk of non-compliance with laws and regulations, it can also lead to fines or reputational damage. At the same time, increasing digitalization may offer opportunities. More efficient processes can result in less pressure at call centers and customer contact centers, which lowers the costs for APG. Furthermore, the implementation of the Wtp reduces the complexity of the pension system. This can lead to lower costs in pension administration.

The tables below summarize the impact of the sub-topic and the related policy documents aimed at mitigating or preventing negative impact and stimulating positive impact. For more information about the policy documents, please see the appendix to the sustainability statement.

Own workforce

Material topic	Sub-topic	Impact materiality		Financial materiality	
		Positive	Negative	Risk	Oppor-tunity
Agile organization	Work-life balance		■	□	
	Gender equality and equal pay for work of equal value		■		
	Training and skill development		■		
	Diversity		■		

Consumers and end-users

Material topic	Sub-topic	Impact materiality		Financial materiality	
		Positive	Negative	Risk	Oppor-tunity
Digitalization and artificial intelligence **Client and participant-driven organization** **Effective control of pension administration** **Public support for the pension system** **Transparency and compliance**	Access to information		■	□	□

■ potentially has, to a certain degree, a positive or negative impact □ is potentially a risk or opportunity
□ potentially has, to a certain degree, a positive or negative impact □ is potentially a risk or opportunity

Own workforce

Policy document	Contents	Place in the value chain
Collective labor agreement and social plan	Agreements that APG and the labor unions have made concerning conditions of employment, including how to deal with changes at APG, the resultant reorganizations, and the related employment consequences	◁●▷ *
Human rights policy	Definition of APG perspectives and activities regarding human rights in relation to APG colleagues and beyond	◀●▶
Occupational health and safety policy	The occupational health and safety policy aims to safeguard employees' safety and health and to prevent and control psychosocial work stress	◁●▷ *
Training and development policy	This policy provides employees and their managers with a framework with principles for training and development	◁●▷
Diversity policy	The policy describes the way in which APG strives for diversity within our workforce and the creation of an inclusive working environment where equality is a top priority	◁●▷
Remuneration policy	APG Group's remuneration policy ensures consistency in the internal pay package, offers explainable and competitive remuneration, and maintains a balance between the remuneration of the board and of the staff. The policy also helps to attract and retain talent	◁●▷

Consumers and end-users

Policy document	Contents	Place in the value chain
Product approval and assessment policy (PAP)	The PAP is for new products and services, changes in the existing range, and for regularly reviewing our range, which means that it is aligned with the entire product development cycle (e.g. portfolio and business planning process)	◁●▶
Participant-oriented services policy	This policy gives the first line clarity on the interpretation of statutory requirements, the related desired behavior of APG's employees and the design of the necessary control measures	◁●▶

◀ upstream ● own activities ▶ downstream | * for employees in the Netherlands

Own workforce – work-life balance

One condition for working effectively is a safe and healthy work environment. An environment where we can work together in a results-oriented, enjoyable way, and where everyone fits in.

Vitality at APG

A healthy organization forms the basis of what constitutes a Great Place to Work with energetic employees. In this regard, we support employees with a broad offering, focused on sustainable employability, physical health and mental resilience. Examples are a home working and vitality budget and health checks.

Hybrid working

APG encourages staff members to make a conscious choice about where and when they want to work, to be able to combine their professional and personal lives in a way that suits them best. We do ask that they come to the office at least two days per week. After all, direct contact with colleagues is an important aspect of working together effectively and experiencing the team spirit.

In the company's interest, employees may be asked to do overtime. The average amount of overtime, when it is paid out under the collective labor agreement can serve as an indicator for the workload and work-life balance of these employees. This indicator is, however, not measured and will also not be included in the sustainability statement for the next financial year.

Channels for employees to express their concerns

A secure work environment is necessary for a healthy work-life balance. The integrity of management and employees is vital to ensure this. Our policy outlines frameworks for management and employees and orients them towards acting with the desired integrity. This is described in the APG Code of Conduct, the integrity policy and the whistleblower policy. In the section Business conduct these regulations are explained further.

Moreover, a number of other arrangements and points of contact are available:

- Vitality and absentee coaches: support employees with any concerns they may have;
- Company social workers: provide assistance in difficult situations at work or in relation to personal problems that have an influence on work;
- Prevention officers ensure a safe work environment in accordance with the Occupational Health and Safety Policy. Every four years, a Risk Inventory and Assessment (RI&E) is carried out.

APG has included a complaint and appeal procedure in the collective labor agreement. By reacting to a complaint in the appropriate manner, APG demonstrates that there is no room for violations or abuses. In this way, the employee can feel protected and safe (once again) in the work environment.

APG's works council represents the interests of both the company and its employees and acts as a staff representative. The works council ensures compliance with arrangements enshrined in the collective labor agreement between social partners and employers and contributes to the development of employee well-being. The works council also monitors topics such as "Healthy work-life balance" and "Healthy organization" and takes action where necessary. In order to be otherwise well-informed in a timely manner, the works council forms working groups that reflect the structure of the organization.

While some working groups focus on specific business units, others deal with different themes or developments. The works council is also informed periodically about progress on (strategic) goals but is not responsible for defining them. In this regard, the works council's involvement is based on the legal frameworks that apply to it. Furthermore, the works council is informed about and involved in sustainability initiatives that may have an influence on employees, such as changes in the mobility policy. For more detailed explanations on the way of working, frequency of meetings and developments in 2024, we refer to the Corporate Governance section and specifically to the Meetings with the works council.

Every year, the Supervisory Board is informed about any reported abuses, integrity violations and measures that have been observed to foster a culture of integrity at APG. In 2024, an umbrella integrity committee has been established to discuss and handle integrity issues centrally.

Sickness absence[1]

We keep our finger on the pulse when it comes to our employees' well-being. For this reason, we keep a close eye on sickness absence figures. In 2024, the sickness absence rate at APG was 3.6 percent. This is 0.2 percent lower than in 2023 (3.8%). Long-term sickness absence (more than 42 days) amounted to 1.7% in 2024, versus 2.7% in 2023.

Family leave

In our collective labor agreement, we give employees the option to take special leave, such as formal and informal care leave, parental leave, and additional maternity leave. The KPI "Percentage of family-related leave taken" refers to the number of employees that have taken family-related leave as a percentage of the number of employees that have the right to do so. All employees working in the Netherlands have the right to family-related leave (100 percent). In 2024, the percentage of them that took family-related leave was 4.4 percent in 2024 (2023: 5.5%). In 2025, we will conduct an analysis to define whether it is possible to set a goal for this.

	2024	2023
Family-related leave (% total)	**4.4**	5.5
Family-related leave(% women)	**5.7**	7.0
Family-related leave (% men)	**3.7**	4.6
Outflow* employed 0-5 years (%)	**8.6**	7.2
Sickness absence* (%)	**3.6**	3.8

* company-specific metric

[1] Company-specific standard that does not form a mandatory part of the subtopic work-life balance.

Employee engagement

Employee engagement decreased slightly from 78 in 2023 to 76 in 2024, but remains clearly above the benchmark (71). Although we are in the middle of the transition to the Pension of the Future and have to deal with cost savings, the results relating to the aspect "Great Place to Work" are well above the benchmark for the whole of APG. The Asset Management scores are on average lower than the scores within the Staff department, Services, Fund Operations and Participant and Employer Services. The change in the investment policy and the insecurity related to this were contributing factors.

The key opportunities to increase employee engagement are in the following sections: "the understanding among employees as to how APG plans to achieve its goals", "our decision making", and "enthusiasm about the future". In 2024, the results of the Employee Engagement Survey have been provided by the change teams with an analysis and advice per team and department for all relevant sections, in order to tailor an effective approach to improvement.

	Employee engagement score 2024	Employee engagement score 2023
Work-life balance I am able to find a good balance between my private life and my work (Target for 2024 -)	76	74
Vitality I get energy from the work that I do at APG (Target for 2024 -)	69	70
Resilience I am able to deal effectively with work-related stress (Target for 2024 -)	73	74

Own workforce – Gender equality and equal pay for work of equal value

Remuneration measures

Equal pay is a key pillar of our remuneration policy and forms an important element of our sustainable business model. We believe that equal opportunities, pay and appreciation, regardless of gender, are essential components of an honest and equitable work environment. Transparency in this regard helps us both to comply with legal obligations and to strengthen our dedication to equal opportunities and fair treatment of all employees – regardless of gender.

To create a sustainable and inclusive future for our organization, APG has developed an Equal Pay dashboard.

Pay gap and total remuneration

Work of equal value is rewarded equally at APG. The pay gap survey at the end of January 2024 reveals an unadjusted pay gap of 21.15% and an adjusted pay gap of 0.05%. The last figure is statistically insignificant. The survey was conducted among internal employees in the Netherlands. Our goal for 2025 is for the adjusted pay gap to be less than 1.5 percent or insignificant. We monitor this regularly and investigate further if there are any deviations. Based on the results, we take action where necessary.

In the case of an unadjusted pay gap, the average salary of all men is compared with that of all women. When doing this, no other characteristics are taken into account. The 21.15 percentage reveals that men at APG are overrepresented in higher salary scales and women in lower salary scales.

By using different characteristics, we reach a suitable remuneration comparison for comparable work: the adjusted pay gap. Its characteristics are scale, job group and age group. The percentage that cannot be explained by such characteristics is the adjusted pay gap. At the time of the survey, this was insignificant.

To obtain a clearer view on APG's internal remuneration distribution in the Netherlands, we divide the total annual remuneration of the person with the highest salary in the company by the median of the total annual remuneration of all employees. The result of the calculation at the end of December 2024 was 8.64.

Research methodology

To trace any potential pay gap, we use the Blinder-Oaxaca decomposition method.

Male/female pay gap

	2024	2023
Unadjusted M/F pay gap* (%)	21.15	-
Adjusted M/F pay gap* (%)	0.05	-
Highest pay in relation to median	8.64	-

* reference date end of January 2024

Own workforce – Training and development skills

A healthy organization offers job satisfaction, stimulates engagement and allows employees to develop in the best possible way and be agile in a rapidly changing environment.

HR cycle and talent review

To achieve our goals we require employees who can work together well and adapt to changing circumstances. This is the starting-point for resolving complex issues together. For this reason, we encourage our employees to continue their development. The HR cycle focuses on a mature working relationship in which we communicate constantly with each other, on the basis of self-direction, trust and responsibility.

The HR cycle contains the following elements: short-cycle discussions, development discussions and development tables. At the development table, managers inform each other about the development and performance of employees and potential interventions. The APG Talent review supports managers in identifying, developing, and retaining talent. This gives our employees the opportunity to grow towards leadership positions.

Great Place to Learn

To attract and retain suitable employees and to ensure that they have the right skills for today and tomorrow, both within and outside APG, we want to make APG a Great Place to Learn.

The Strategic Workforce Planning provides insight into core skills to be developed.

Learning and developing the right skills help us to achieve our strategic goals. For this, we require employees who can manage their own development, whereby APG provides them with full support. Our new learning experience platform contributes to this, including by offering in-depth modules – depending on the person's function – that focus on the implementation of the Wtp.

This is a target group that needs demonstrable training. By the end of 2024, training had been provided to 85 percent of this target group. The training will be completed by the end of March 2025. This training is important to follow up on everything that is being developed within the Pension of the Future program. A lot hinges on the success of this program, so there are constant discussions about the approach, content and timing, and adjustments are made where necessary.

The Making of You development program

Continuous development and an ongoing dialog with managers from the HR cycle and the offer of a personal learning route (GoodHabitz free online e-learning or external training) improve our employees' agility.

Future Days also play a role at APG In each calendar year, all employees may use two Future Days to work on their own future, on that of another person or to make a contribution to our society.

WeGrow

The WeGrow platform has been designed to allow employees to find training programs independently. WeGrow will be further developed in the years to come, so that it can provide employees with greater assistance and at the same time deliver important insights in the form of reports.

	Employee engagement score 2024	2023
Growth opportunities I have good opportunities to learn and grow at APG *(No target for 2024)*	74	76
Insight into relevant skills I know what is important for performing my job (Target for 2024: ≥75)	75	76
Skills development I develop myself effectively to be able to perform my work successfully, now and in the future (Target for 2024: ≥75)	73	72

	% 2024	2023
Leadership positions Percentage of leadership positions filled internally (Target for 2024: 50%)	81	-

Own workforce – Diversity

Our employees are the key to our success and to our values. Individual differences, life experiences, knowledge, creativity, self-expression, and unique abilities contribute to our culture. Our premise is that at APG, everyone is welcome and you can be entirely yourself. We believe in equal treatment and equal opportunities for every employee. In our view, diversity covers all aspects according to which people differ from one another, such as ethnicity, physical and mental health, gender identity and expression, age, religion, sexual orientation, political preferences, socioeconomic status and other characteristics that make someone unique. APG Asset Management has included corresponding policies in its employee handbook, in accordance with the federal legislation of the United States.

In 2024, APG revised and extended its DE&I policy. In it, we emphasize that diversity and inclusion only come into their own if there is equality among employees. Furthermore, the new policy highlights that we need to focus more on an intersectional approach to DE&I issues. To create a pleasant, safe work environment for everyone, we focus on five strategic pillars: awareness, strong and diverse teams, inclusive leadership and responsibility, inclusive (HR) policy and processes, and open dialog and feedback.

An employee is a person engaged by APG based on an employment contract for a definite or indefinite period. In this sustainability statement, the 37 Entis employees (33 in 2023) were not included. The characteristics of both APG employees and non-salaried employees, are based on the data from the last day of the reporting period, in other words December 31, 2024. For the average number of employees worldwide, please refer to the financial statements.

	Employee engagement score 2024	Employee engagement score 2023
Belonging I feel that I belong at APG (Target for 2024: ≥77)	77	77
Being yourself I am not afraid to be myself at work (Target for 2024: ≥82)	81	81
Saying what I think I feel free to give my opinion without fearing negative consequences *(No target for 2024)*	77	77
Connection to colleagues I feel connected to my colleagues *(No target for 2024)*	73	73

Diversity, Equity and Inclusion
APG has a DE&I board that supports and advises the Executive Board. The board provides guidance on DE&I components in the strategy, takes decisions relating to it, and monitors and reports on progress. Following an assessment, the DE&I board was recomposed in 2024. The various business units and locations are represented by a diverse board.

At the end of 2023, APG conducted an internal, anonymous DE&I survey among its employees, which revealed that employees consider it to be important that attention is paid to diversity and inclusion, although support is constantly changing.

At the start of 2024, a number of dialog tables were organized in which employees led discussions about DE&I within APG and the results of the DE&I survey. Their recommendations helped to set priorities for the DE&I goals.

Communities (employee networks)
Communities play an important role in fostering diversity, equity and inclusion: they represent specific target groups within our organization. These employee networks contribute to the visibility of their target group and create awareness by organizing activities and dialogs with employees and the organization. APG appreciates their efforts and encourages the formation of communities, among other things by allocating them their own budget and by giving employees the space to invest working time in these networks.

There are several communities that focus, for example, on women, cultural diversity, the LGBTQIA+ community and young people. In 2024, Young Voice was established, a community that addresses the wishes and needs of young people at APG. In addition, a community was created in 2024 for neurodivergent employees (for example, autism, ADHD, dyslexia etc.).

APG is a partner of Workplace Pride, an international organization focused on the emancipation and inclusion of LGBTQIA+ employees.

Gender diversity
APG wishes to be a reflection of society. Women are still underrepresented within our workforce (37% women versus 63% men), but we do see some progress. In 2024, APG was presented with the Diamond Award by the Talent to the Top foundation for our commitment to gender diversity. The Supervisory Board and the Executive Board together constitute APG's top management, in line with the definition according to the Socioeconomic Council.

Human rights policy
APG's human rights policy is committed to the fundamental labor rights of the International Labor Organization (see article 3) and refers specifically to freedom of association, the ban on child labor, the prohibition of forced labor, and the ban on discrimination. Human trafficking, forced or compulsory labor, and child labor cannot be tolerated. APG considers the likelihood of this to be zero, given its business activities. Our human rights policy captures our activities and views on this and communicates them clearly.

We take responsibility for human rights compliance in all aspects of APG as an entity and towards all those who come into contact with APG. In this regard, we do everything to maintain respect for human rights in the whole organization, and not to become involved – in any way whatsoever – in violations of them. Our core values and DE&I policy stipulate that the following rights of APG employees from the Universal Declaration of Human Rights are guaranteed:

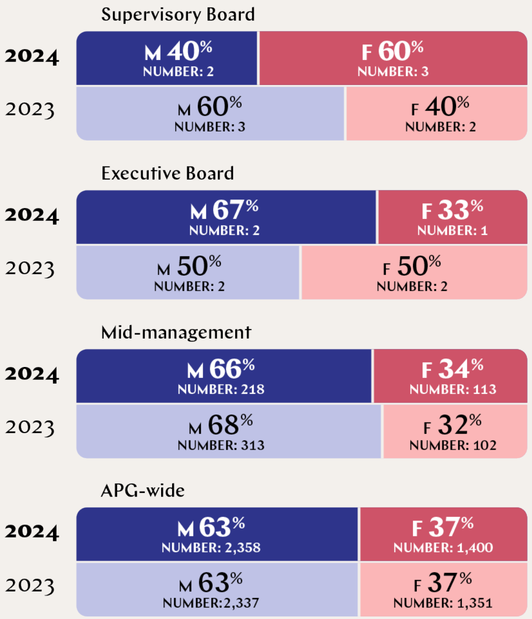
- Every APG employee can express themselves and their opinion freely. APG promotes equitable treatment to exclude prohibited discrimination, intimidation and/or prejudice. Discrimination is defined as prejudice of any kind;
- Employees are permitted to organize themselves, for example, in unions and join them to have their interests represented.

In the 2025 annual report, APG will report on the officials, the budgets allocated to networks and the precise costs incurred on behalf of the execution of the human rights and DE&I policies.

APG has a number of complaint mechanisms that safeguard the respect of human rights. At all times, employees can – anonymously or not – submit a complaint or appeal about circumstances affecting their working relationship. APG has included a complaint and appeal procedure in the collective labor agreement for Dutch employees. Employees may share complaints or concerns about personal data that are processed in accordance with the applicable labor law and privacy legislation through APG's internal procedures. This can be done, for example, by contacting the APG Data Protection Officer or the regulator, the Dutch Data Protection Authority. In 2025, APG will report on problem areas that have been raised and addressed, how they have been monitored, and how the effectiveness of the channels has been secured. Moreover, APG will evaluate in 2025 to what extent employees are familiar with the complaint mechanisms and have confidence in their operation. With regard to the policy to protect people making use of these mechanisms against retaliation, we refer to the protection of whistleblowers in the Business conduct section.

Male/female ratio*

December 31, 2024

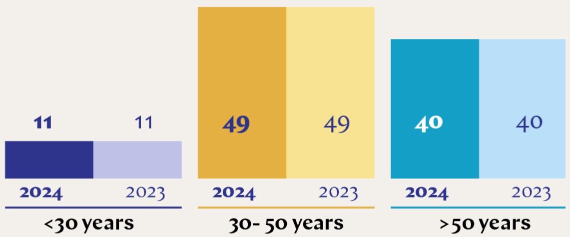


* excluding Entis employees

In the 2025 annual report, APG will provide further information on the monitoring and evaluation of the effectiveness of the measures and initiatives that have been taken and the results that have been achieved. We will also address current and planned measures to mitigate material risks as a consequence of the impact on and the dependencies of the company's own workforce and to make use of material opportunities. We will also examine to what extent APG unintentionally causes potential adverse material impacts to its own workforce or contributes to such, and report on which resources can be deployed to handle this. APG will verify to what extent processes to manage material risks are integrated in existing risk management processes. When reporting on intended or achieved positive outcomes of measures, we will differentiate between reporting on activities and reporting on actual outcomes.

Employees divided by age*

In the Netherlands at December 31 (%)



*excluding Entis employees

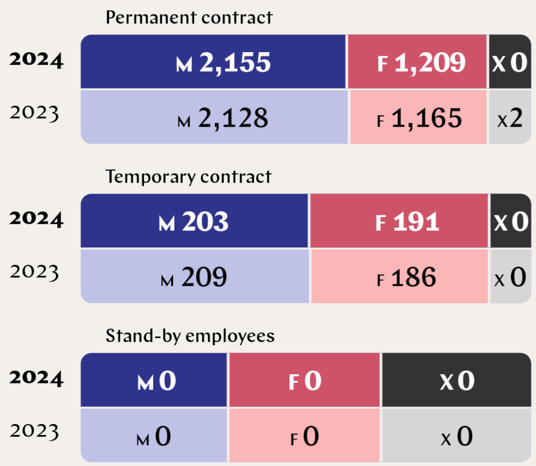
Number of employees worldwide*

	2024	2023
Male	2,358	2,337
Female	1,400	1,351
Other	0	2
Not reported	0	0
Total	**3,758**	**3,690**

* excluding Entis employees

Distribution of employees in various contract forms*

gender and number of employees at December 31, 2024



M = male F= female X= other

* excluding Entis employees

Non-employee workers

This group of employees consists of workers who are not employed by APG but have been hired on its behalf. This includes self-employed, seconded and temporary workers. The fluctuations in the number of external colleagues are a result of cost-saving goals and a strict policy with regard to external hiring.

Number of external employees*

	2024	2023
Male	538	606
Female	153	199
Other	0	0
Not reported	0	0
Total	**691**	**805**

* excluding Entis employees

Consumers and end-users – Access to information

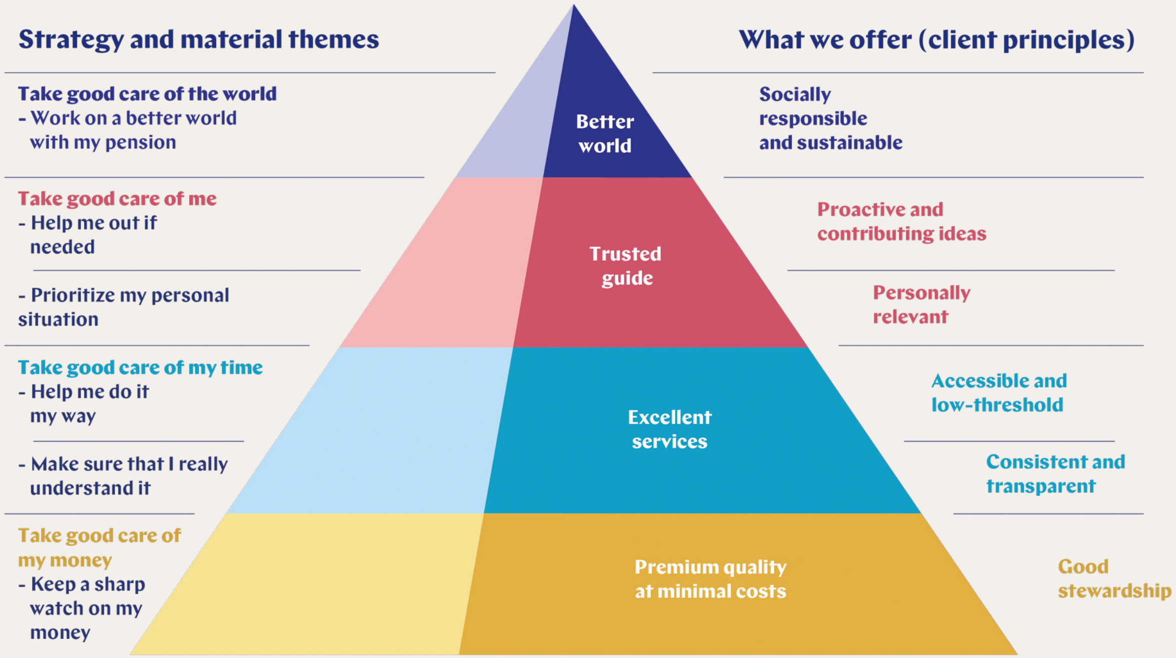
Our work focuses on the well-being of individuals and we achieve this with our products and services. It is therefore extremely important for us to provide our services in a responsible, controlled manner to maintain confidence in pensions and to minimize risks. We strive to continuously improve everything that we do.

Principles of our customer-driven approach

We apply six customer principles in our operations, which are based on validated customer insights. These six customer principles form a touchstone for the desired customer experience. They offer guidance and direction to every implementation and aim to guarantee the desired customer experience for the (future) service being provided. By allowing these customer principles to guide us when designing services, processes, systems, channels and resources, we ensure that APG employees do the right thing for participants every day. The diagram below expresses the relationship between customer needs and the six customer principles.

APG applies the following principles:

- The customer principles apply both to the **participant and to the employer** (and their representatives);
- The customer principles apply **to all funds;**
- The **legal frameworks, internal compliance requirements and a fund's brand values** are a deciding factor when applying the customer principles;
- The customer principles apply **online and offline,** whereby the vision of service performance under the Wtp is a deciding factor;



- The customer principles aim to **ensure the desired customer experience** in our future service delivery;
- The customer principles are the requirements that apply when **designing processes, systems, channels, and resources.**

Product approval and assessment policy

The six customer principles provide direction for the development of APG's products and services. When approving new services, we explicitly assess whether they contribute to our participant-driven approach, provide added value to participants, take account of their interests and can be easily understood and explained. To guarantee the integrity of both products and services, APG follows the Product Approval Process. Our "Policy of participant-driven service delivery" provides insight into our interpretation of the standards under the Wtp for the provision of services to participants. The policy also offers clarity on the interpretation of legal obligations, the desired behavior of employees and the establishment of the necessary control measures.

The legal frameworks focus primarily on APG's pension fund clients. As we administer their pension schemes, the legal framework also applies indirectly to our work.

Assistance with choices and the duty of care

The introduction of the Wtp has been accompanied by the introduction of the open standard for Assistance with Choices. Pension funds need to make every effort to assist participants in a suitable manner when making considered (provisional) pension choices. APG takes charge of this task on behalf of the affiliated pension funds. However, the pension funds continue to hold final responsibility. When communicating with the participants of our fund clients, it is extremely important that we communicate clearly and in a timely manner on pension choices and changes that may have an impact on the individual pension. This is important for the current pension system and will be even more vital when we transition to the new system. We are therefore ensuring that participants are well-informed about the future changes and what they mean for their pension. We focus constantly on improving our assistance with choices that we provide for participants. Among other things, this means that we constantly monitor this and actively inquire with our participants how they experience the services that we provide. At the moment, APG is developing a KPI to be able to measure this. We will implement this in 2025. In this way, we ensure that assistance with choices for participants is not only effective now but will continue to be so in the future. When doing so, we naturally comply with the applicable laws and regulations.

Dialog and engagement with consumers and end-users

At APG, we allow the voice of our participants to resonate in everything we do. We listen well and genuinely try to take action based on their feedback.

Participant validation

When developing services, processes, systems, channels and resources, we validate on a daily basis how participants experience their interactions with APG. To do this, we conduct surveys, collaborate with knowledge institutions and have prototypes tested by participants. We incorporate the insights we gain in our service designs and customer journeys.[1] We also regularly ask about our participants' experiences when it comes to our existing services. We do this through customer measurements, the monitoring of customer journeys including transactional measurements, survey panels and a continuous customer feedback loop.

External assessment of participant interaction

For the ABP and SPW funds, APG is subject to an annual audit by the Gouden Oor foundation, an external auditor. A Gouden Oor Erkenning label validates an active, open attitude towards the voice of the customer and ties in with the customer-driven approach and improvement management elements from the ISO-9000 series. Customer feedback constitutes the starting point for improvement, so listening to them becomes learning from and with customers. APG shows steady growth in this area for both funds. Of the maximum attainable score of 100, SPW achieved 85 (77 in 2022). ABP grew from 72 points in 2021 to 85 in 2024.

The voice of the participant

When a participant contacts their pension fund, they generally visit the "My" environment. When developing the "My" environment for the complaints section, we conducted a number of qualitative and quantitative customer interviews. This resulted in the information and the online complaint form being as closely related as possible to participants' needs. This feature has been live since July 2024. APG continues to invest in the functional and emotional aspects of complaint management.

Customer Contact Center

Participants can contact the Customer Contact Center by telephone, email or chat. The channels are staffed based on the expertise of the Workforce Management team within the Customer Contact Center, ensuring that they are sufficiently staffed at all times to ensure that waiting times are not unacceptably long. With the help of the Training and Quality team, we monitor the quality of the service provided. Every year, we usually manage to exceed the expectations of participants.

Participant-oriented complaints procedure

Among other things, the complaints policy contains procedures for complaints about privacy, data protection and pension-related complaints. The transition to the new pension rules may lead to a number of dissatisfied participants. For this reason, we took a number of important steps in 2024 to create a more participant-driven complaints procedure. We have invested in a monitoring and logging system to get a handle on complaints. Moreover, we provided training in the acknowledgement and recognition of complaints, the standardization of customer communications and supportive writing training. Complaints are also now fielded at a central location in the organization.

[1] A customer journey corresponds to the full range of interactions, experiences and the associated emotions that a participant (or an employer) experiences when APG handles a customer need. For example, the "retirement" customer journey concerns a participant's need to retire and starts with them exploring different options and ends with the first pension benefit.

Opportunities and risks relating to access to information

It is extremely important that all participants have access to APG's information, products and services. APG's human rights policy applies here. Insufficient access to information may lead to less appropriate pension choices. This may have a negative influence on the financial position of participants. Insufficient access to information may also lead to a reduction in trust in the pension system and the pension sector as a whole. We have identified the following risks:

- Reduced participant satisfaction;
- Violation of the duty of care that APG has as a financial institution.

Conversely, good access to information, products and services ensure that products and participants are better matched, thereby improving their financial health and creating greater trust in the pension sector. Greater participant satisfaction can also result in our Customer Contact Center being used less frequently, resulting in lower operational costs.

Quality assurance of services

To safeguard the quality of the service provided to participants, we perform continuous checks. In this way, APG monitors the most important processes that participants encounter, such as the calculation and payout of the pension and the management of important participant data, value transfers and reports. The controls are important to ensure that we are administering the pension well and are providing correct information about it.

To minimize the chance of mistakes or fraud in our service, a number of departments have been established within APG to identify, evaluate and monitor risks. These departments strengthen and check one another and together ensure that risks are managed as well as possible.

Internal control and compliance

The final, formal responsibility for mistakes in the service we provide lies with the pension fund clients, because they outsource the pension administration to APG. Every year, an independent auditor checks how APG monitors the quality of the service that it provides. The auditor provides the reports in Standard 3402 type II and Standard 3000A reports that are made available to our pension fund clients.

It can, however, sometimes happen that a participant receives insufficient (qualitative) information from APG. Such a case may be noticed by the actual participant or by an APG employee. Complaints Management and the Customer Contact Center have been set up for participants, as described earlier. Incidents are registered and analyzed so that we can identify how they can be resolved and prevented in the future.

Measuring participant satisfaction

The measurement of participant satisfaction reveals what participants think about specific aspects of our service. This measurement also enables us to take targeted actions. On the one hand, the measurement consists of the average score for all customer journeys across all funds. And on the other hand, it is based on the percentage of KPIs that have been achieved relating to customer journeys, participant channels, and employer channels per pension fund client. In 2024, we achieved an average participant satisfaction score for all funds of 7.7 on a scale of 1 to 10. The percentage of KPIs achieved for customer journeys, participant and employer channels amounted to 77 percent. Prior to 2024, no goals were established for these KPIs.

Measurements and targets

on December 31

Percentage of KPIs met from customer journeys, channels for participants and employers on the basis of services agreed with pension fund clients

Score	77%
Target for 2025	80%

Participant satisfaction: average for all customer journeys for all funds

Score	7,7
Target for 2025	N/A

N/A = not (or not yet) available

Business conduct

APG has access to the data and cash flows of millions of people. It is our social obligation to handle them in a professional, honorable and transparent manner. Our integrity is therefore crucial.

Our actions are based on our professional and moral responsibility in accordance with laws and regulations, the APG Code of Conduct, internal policy and what is socially acceptable. When necessary, we account for our decisions.

The basis for sound risk management lies in fostering a culture in which the trade-off of opportunities and risks, in relation to our appetite for risk, forms part of our daily work at all levels of the organization – this is known as the risk culture. The tasks, powers, and responsibilities of the Executive Board and line management to effectively execute our risk management are known collectively as Risk Governance. This is based on APG's legal structure and has been established using the "Three Lines of Defense" model. Our intention is to achieve optimum collaboration between the first, second, and third line and at the same time prevent the roles of these different lines from being mixed.

IRO subtopics

Corporate culture, corruption and bribery
Corporate culture, corruption and bribery relate to the potential or actual negative impact that we might have on the trust of external and internal stakeholders in APG and in the pension system. A lack of ethical standards, compliance and appropriate training in the field of corruption and bribery may lead to undesirable conduct by our employees. To prevent, reduce and fix this, we have compiled our Code of Conduct, the Employee Integrity Policy and other Environmental, Social and Governance (ESG) policy rules.

Managing supplier relationships, including payment practices
We focus on creating long-term value by collaborating with suppliers who make a positive contribution to people and the environment. In our procurement processes and in the selection of suppliers, we include sustainability criteria and remain in dialog to prevent or mitigate any negative impacts. We aim for our procurement practices to be in line with our dedication to sustainability and corporate social responsibility. At the same time, we recognize that careless payment practices on our side may cause an administrative burden and costs for suppliers. This may put them in financial distress, which not only influences their stability but also their willingness to continue serving us as a supplier. By actively paying attention to this, we can strengthen our relations with suppliers and can contribute to a healthy and sustainable value chain.

Relationship with politics and lobbying activities
We handle lobbying activities within the pension sector responsibly and prudently. Our aim is to contribute to policies that support the financial security of the pension fund clients' participants and a sustainable, inclusive economy. By collaborating with policymakers

and regulators, both in the Netherlands and at European Union level, we foster understanding of the importance of a good pension system. Our lobbying activities aim to contribute to social progress and support a stable pension system. In this way, we can make a genuine, positive impact by contributing to concrete improvements in legislation and policy that benefit both the participants of the funds for whom we are working and society at large.

The tables below give an overview of the impact of the subtopics and the accompanying policies that aim to mitigate or prevent a negative impact and stimulate a positive impact. For more information about the policy documents, please see the appendix to the sustainability statement.

Business conduct

Material topic	Sub-topic	Impact materiality		Financial materiality	
		Positive	Negative	Risk	Oppor-tunity
- **Effective control of pension administration** - **Responsible and transparent administration costs** - **Transparency and compliance**	Corporate culture and corruption and bribery		■		
	Management of relationships with suppliers, including payment practices		■		
	Relationship with politics and lobbying activities	□			

■ potentially has, to a certain degree, a positive or negative impact　is potentially a risk or opportunity
□ potentially has, to a certain degree, a positive or negative impact　is potentially a risk or opportunity

Business conduct

Policy document	Contents	Place in the value chain
Human rights policy	Clarifies views and activities regarding human rights, including information on how access to remedy is provided	◀●▶
General Procurement Conditions	This policy describes the frameworks, processes, and principles for how APG procures products and services from suppliers	◀○▷
Procurement policy	This policy describes the frameworks, processes, and principles for how APG procures products and services from suppliers	◀○▷
Third-party management policy	The policy describes how APG deals with third-party management and provides the organization with ways to deal with third parties and services	◀○▷
APG Group Stakeholder Dialog Policy	Sets guidelines for APG's dialog with the relevant stakeholders about, in any case, the sustainability aspects of the group strategy	◀●▶
Code of Conduct	Our Code of Conduct is our guide, our compass, for who we are and want to be and what we stand for. The Code of Conduct comprises our core values and 10 behavioral principles. Together, they lay a basis for how we act at APG and how we treat each other, our clients, shareholders, suppliers, regulators, and society in general.	◀●▶ *
Compliance charter	Defines the nature, role, responsibilities, positioning, and status of the compliance role at APG and describes the activities of the compliance role	◀●▶
Employee integrity policy	Describes the various rules that apply to employees in the performance of their job or activities at APG	◁●▷ *
Financial/economic crime policy	Aims to prevent APG from being used or involved in financial crime	◁●▷
Fraud policy	The fraud policy aims to increase fraud awareness by providing clarity	◁●▷

◀ upstream ● own activities ▶ downstream | * for employees in the Netherlands

Business conduct – Company culture, corruption and bribery

Code of Conduct and Employee Integrity Policy

Our Code of Conduct consists of core values and behavioral principles. Together, they constitute our APG compass; a guide for our daily performance. The behavioral principles are elaborated in the Employee Integrity Policy.

This Code of Conduct does not apply to employees at our international offices APG US and APG Asia. They apply a compliance handbook that interprets the laws and regulations applicable to them and mitigates any associated risks.

The Employee Integrity Policy describes in a concrete manner which behavior is desired in relation to things like potential conflicts of interest, ancillary positions, corruption and bribery when it comes to accepting invitations, gifts, and private investment transactions. This is recorded in the compliance tool. The compliance function provides advice on this and provides a monitoring service. These rules ensue from regulations such as the Financial Supervision Act, the General Data Protection Regulation, the (new) Pensions Act, and anti-corruption laws.

To stimulate the desired behavior and ensure that employees are familiar with the Code of Conduct and the associated Employee Integrity Policy, they receive these together with their employment contract. When they commence employment, they also sign a compliance declaration. A workshop on compliance and its importance for APG forms part of the onboarding process.

Reporting inappropriate conduct

APG wishes to be an organization that employees enjoy working for, and in which pension funds, employers, participants, and regulators have confidence. Every employee contributes to this. Ownership, care and integrity are key words in this regard. This means that we also talk to each other about inappropriate conduct and report it. We do not accept inappropriate conduct, such as theft, corruption, bullying, discrimination, and inappropriate conduct. There are various ways to report unwanted behavior. This can be done with the supervisor of People & Change (P&C), a confidential counsellor or through the whistleblower policy established in the policy reporting misconduct and irregularities anonymously. A separate fraud hotline has been established for reporting suspected fraud. All reports are processed.

Protection of whistleblowers

Suspected misconduct and irregularities can also be reported anonymously under the special policy set up for this. The policy explains what you can do and expect if you wish to report a suspected irregularity. It also explains what protection against disadvantages you can expect if you submit a report. The policy on reporting misconduct and irregularities anonymously is for all employees and people who work for or at APG. This includes interns, self-employed contractors, suppliers, the Supervisory Board, and shareholders.

The report can relate to earlier, current and future activities. An anonymous report can be submitted through an external party, specialized in and certified for submitting reports. They protect the privacy and anonymity of the reporter and the interests of APG. Every individual involved in the reporting of or the investigation into suspected irregularities is bound to secrecy. The anonymous report reaches the APG Reporting Officer through the recognized "Speak-up" platform.

Compliance with Code of Conduct and Employee Integrity Policy

A violation of the Code of Conduct or the Employee Integrity Policy may have labor law consequences. Sanctions vary from a warning to a suspension or dismissal. Moreover, APG may also demand compensation and submit a report to the legal authorities. In certain cases, APG is required by law or the rules of a self-regulatory body to report an infringement of the Code of Conduct or the Employee Integrity Policy to regulatory authorities.

Corruption and bribery

A transparent and honest financial market is essential for APG, its pension fund clients, their participants and all other stakeholders. As a gatekeeper, APG strengthens the integrity of the financial markets. Our integrity and that of the financial markets can be harmed by financial and economic crime. This includes attempted or actual money laundering, terrorist financing, sanction violations, corruption, bribery, internal and external fraud and the fiscal integrity of customers and business relations.

Not only does APG wish to comply with the relevant laws and regulations, we also want to prevent and/or mitigate potential risks. The Financial Economic Criminality Policy contains the frameworks within which APG operates to prevent us from being used for or becoming involved in financial criminality. We have implemented the required control measures in this regard.

In addition, the Fraud Policy has been developed for internal and external fraud. Internal corruption and bribery are mentioned in the Code of Conduct and the Employee Integrity Policy. Fiscal integrity is addressed in the Fiscal Policy.

Confirmed incidents

Infringements related to corruption or bribery are reported internally and to customers in the compliance quarterly reports. If risks arise that exceed APG's risk tolerance, this can result in APG not accepting business relations or withdrawing from them.

In 2024, no incidents relating to corruption or bribery were identified.

Business conduct – Relationships with politics and lobbying activities

Political influence and lobbying activities

For APG, it is important to have a good understanding of political and legislative developments in the context within which our activities take place. Both the pension world and pension administration as well as the investment world are strongly regulated by the government. The applicable laws and regulations are regularly adapted, as are the guidelines of regulators, whereby the Dutch central bank and the Dutch Authority for the Financial Markets are the most important.

Conversely, for the legislator and for regulators it is also important to be aware of the consequences of any possible changes in legislation or policy. For this reason, governments and regulators therefore often put out consultations. APG responds to these directly or indirectly and advises its pension fund clients if necessary. In addition, APG also produces opinions about policy and legislation on its own initiative.

Working with others

Our biggest input is through our pension fund clients and shareholders, and through a number of representative organizations. In this report, we will not provide any further input on the public affairs activities of our pension fund clients and shareholders.

The most important representative organizations that APG is involved with are the Dutch Federation of Pension Funds, the Dutch Fund and Asset Management Association (DUFAS) and Eumedion. The pension funds for which APG works are members of the Dutch Federation of Pension Funds. Pension Administration Organizations, such as APG, are themselves not members of the Dutch Federation of Pension Funds. The Pension Administration Organizations do provide expertise to the Dutch Federation of Pension Funds, among other things by delegating staff to its working groups and committees. Formally, these experts work independently and in their personal capacity. In 2024, APG contributed among other things to a controlled and prudent implementation of the Wtp through the Dutch Federation of Pension Funds. Discussion points were raised, for example, for the pension transition platform with the aim of providing timely identification and speedy reassurance about industry-wide concerns. We participated in working groups to advance the decisions of the platform. We assisted in the writing of various handouts (such as data quality and transition communication) and in a number of consultations to share implementation experiences with other funds.

APG Asset Management is a member of DUFAS and Eumedion. At DUFAS and Eumedion, experts formally represent the member organization and therefore speak on behalf of APG Asset Management. Through various working groups, APG Asset Management contributes to advocacy by DUFAS, for example, with respect to sustainability, reporting obligations and due diligence. The combination of the role of Ronald Wuijster as president of DUFAS and associating with like-minded parties means that APG can regularly provide input for the creation and clarification of legislation. In doing so, APG can monitor financial return and limiting the costs and risks for pension participants.

The Dutch Federation of Pension Funds is affiliated with the European umbrella organization, Pensions Europe. DUFAS is affiliated with the European umbrella organization, EFAMA. Moreover, APG is a "corporate & supporter member" of Pensions Europe. Opinions of representative organizations such as Pensions Europe are always aligned with their members. This often requires compromises. It is therefore highly likely that there are differences between the opinions of these organizations and those of APG.

APG is a member of the Confederation of Netherlands Industry and Employers (VNO-NCW). Position statements are the result of the opinions of the VNO-NCW members. This means that APG does not necessarily agree with public statements made by VNO-NCW. On top of that, in the case of second pillar pensions in the Netherlands, the role of social partners is of great importance. When it comes to views on pensions, APG therefore maintains dialog with both employer and employee organizations.

In the field of sustainability, APG Asset Management's affiliations include the following organizations:

- PRI Association Principles for Responsible Investment
- The Institutional Investors Group on Climate Change: IIGCC
- FCLTGlobal: Focusing Capital on the Long Term
- The Netherlands Wind Energy Association (NWEA)

Furthermore, APG Asset Management is a member of investor organizations in specific asset classes or certain countries. Examples are:

- Association of Institutional Property Investors in the Netherlands (IVBN) – real estate
- Global Infrastructure Investor Association (GIIA) – infrastructure
- Invest Europe – private equity
- International Capital Markets Association (ICMA) – cross-border debt capital markets
- Council of Institutional Investors (CII) – United States

The membership of representative organizations usually requires subscribing to certain principles or a statement of principles. In these cases, APG endorses these. Position papers on individual topics can be the result of consultations within these organizations.

Organizational embedding

A separate team within APG fulfills the public affairs role. Our office in Brussels is part of this. This team works closely with and facilitates both internal and external stakeholders (shareholders, pension fund clients, social partners, umbrella organizations, cooperation partners etc.). In addition, this team fulfills a knowledge broker and networking role: the gathering of and creating access to knowledge – also elsewhere in the organization – for the benefit of effective decision making and/or policy formation. APG Asset Management is also involved in and responsible for public affairs activities, including the relationships with DUFAS and Eumedion.

EU transparency register

APG is registered in the European transparency register under number 203417137798-52.

Business conduct – Managing supplier relationships and payment practices

Supplier relationships

APG is a reliable, high-quality administration organization and asset management company that offers suppliers fair and equal opportunities. Procurement is based on the right price-quality ratio and is done in a sustainable, innovative, transparent manner and with integrity.

APG has a Third Party Management policy (TPM Policy) and a procurement policy for establishing relationships with suppliers and the management of the associated risks. The central procurement department implements the policy and guides the entire procurement process. The procurement department is the point of contact for new suppliers. They accompany the procurement process from selection until the signing of the contract.

Our procurement vision

Our procurement vision focuses on three core areas:

1. Quality and cost consciousness: procurement in such a way that APG's goals are achieved to the maximum. Procurement and contracting on the basis of the best possible price-quality ratio, by means of an efficient and effective procurement process.
2. Sustainable and innovative: promoting sustainable and innovative procurement and contracting.
3. Honest and transparent: procurement takes place in an honest and transparent manner by complying with internal and external laws and regulations. This ensures that we manage the legal, financial, compliance and integrity risks.

The premise is that APG's General Procurement Conditions apply to all suppliers. In our conditions, we outline the expected conduct. We describe in detail how they must treat their employees and the environment, must offer a safe workspace and must comply with laws and regulations. Agreements with suppliers are based on our standard agreements for the purpose of integrity, compliance, transparency, uniformity and (legal) risk management. We test the integrity of potential suppliers during the sourcing and monitor it after contracting.

Sustainability and social enterprise

We consciously choose to do business with suppliers that perform better than their competitors when it comes to sustainability and social enterprise. Their products or services must make a demonstrable contribution to social issues and their operations must be the most sustainable.

In our selection procedure, we differentiate between high and low impact pathways. The steps in the selection process depend on this classification. As standard, we inform the supplier of our generic sustainability requirements; sustainability may be a selection criterion. Our goal is for at least 10% of our agreements to include sustainability as part of our contractual arrangements. We achieved this goal: in 2023, the percentage was 18.5 percent and in 2024 23.5 percent. By increasing this percentage every year, we wish to continue strengthening our focus on sustainability.

During the term of the contract, we periodically monitor and discuss agreements for sustainability. This year, we implemented a sustainability rating for the first time. This assessment allows us to evaluate the sustainability of our suppliers' operations. On the basis of this, we will take follow-up steps in the coming years to improve the general rating. In 2025, the process for implementing the sustainability rating will be implemented for each Request for Proposal process and contract renewal. We will also always include sustainability in the selection process and the decision whether to renew or terminate. We set up partnerships teams because we can only achieve truly sustainable solutions if we operate as a chain.

Payment practices

We do everything to pay invoices on time.
For this purpose, we have established different payment terms for suppliers;

1. Payment term within 14 days.

2. Payment term within 30 days.

The table to the right gives an overview of the average number of days on which invoices were paid and the percentage of payments that were made within the agreed terms.

To prevent or minimize late payments, APG has introduced a number of process measures, such as the weekly evaluation of all outstanding accounts payable.

Betalingen

	Betalingstermijn 14 dagen	Betalingstermijn 30 dagen
Gemiddelde aantal dagen voor betaling	10,7	16,4
% betaald binnen termijn	80	88

Sustainability statement appendix

In this section, we present the sustainability statement's appendices. The following reference table was prepared to provide clarity on the topics included in APG's sustainability statement and to shed light on the scope of the limited assurance work. In the section "Basis of reporting and the chosen criteria", further explanations are provided on the principles of accountability APG has used.

Reference table

Section	ESRS [1]	Topic	Page number	Under limited assurance
	BP-1	General basis for preparing the sustainability statement	97	No
	BP-2	Disclosures in relation to specific circumstances	101	No
	GOV-1:	The role of the administrative, management and supervisory bodies	106	No
	GOV-2	Information provided to and sustainability themes addressed by the undertaking's administrative, management and supervisory bodies	108	No
	GOV-3	Integration of sustainability-related performance in incentive schemes	80	No
	GOV-4	Statement on due diligence	108	No
	GOV-5	Risk management and internal controls over sustainability reporting	109	No
ESRS 2	SBM-1	Strategy, business model, and value chain	19	No
	SBM-2	Interests and views of stakeholders	103	No
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	103	No
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	103	No
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	103	No
	MDR-P	Policy adopted for managing material sustainability themes	111, 126, 146, 167	No
	MDR-M	Metrics related to material sustainability themes	161	No

1 Prepared on the basis of our own criteria, which have been derived from ESRS standards.

Section	ESRS	Topic	Page number	Under limited assurance
	E1-1	Transition plan for climate change mitigation	113, 114, 116, 120 -122	Yes
	E1-2	Policy relating to climate change mitigation and climate adaptation	114, 121, 122,123	Yes
	E1-3	Actions and resources in relation to climate change policies	113, 114,116 , 121, 122, 123	Yes
	E1-4	Targets related to climate change mitigation and adaptation	113, 114 , 116, 117, 121,122, 123	Yes
ESRS E1[1]	E1-5	Energy consumption and mix	Not material	-
	E1-6[2]	Gross Scope 1, 2, and 3 emissions and total greenhouse gas emissions	113, 114, 116, 117, 118, 121, 122, 161 - 163	Yes
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not material	-
	E1-8	Internal carbon pricing	Not material	-
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Not material	-

1 Excluding the sections relating to the EU taxonomy.
2 With the exception of reporting requirement 55 (GHG intensity based on net revenue).

Section	ESRS	Topic	Page number	Under limited assurance
	S1-1	Policies related to own workforce	129 , 131 , 136, 137, 167	Yes
	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	78-79, 130, 132, 137	Yes
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	130, 137 -138, 149	Yes
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	126 , 130, 137	Yes
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	130, 131, 132, 135, 136, 139	Yes
ESRS S1	S1-6[1]	Characteristics of the undertaking's employees	136 -139	Yes
	S1-7	Characteristics of non-employee workers within the company's own staff	140	Yes
	S1-8	Collective bargaining coverage and social dialogue	Not material	-
	S1-9	Diversity metrics	136-139	Yes
	S1-10	Adequate wages	Not material	-
	S1-11	Social protection	Not material	-
	S1-12	Persons with disabilities	Not material	-
	S1-13	Training and skills development metrics	134	No
	S1-14	Health and safety metrics	Not material	-

Section	ESRS	Topic	Page number	Under limited assurance
	S1-15	Work-life balance metrics	131	Yes
	S1-16	Compensation metrics (pay gap and total compensation)	133	No
	S1-17	Incidents, complaints and severe human rights impacts	Not material	-

1 Reporting requirement 50c is not CSRD-compliant but is company-specific

Section	ESRS[1]	Topic	Page number	Under limited assurance
ESRS S4	S4-1	Policies related to consumers and end-users	129, 141, 142, 142, 167	No
	S4-2	Processes for engaging with consumers and end-users about impacts	142, 143	No
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	143	No
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	144	No
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	145, 145	No
ESRS G1	G1-1	Business conduct policies and corporate culture	148, 167	No
	G1-2	Management of relationships with suppliers	153	No
	G1-3	Prevention and detection of corruption and bribery	149	No
	G1-4	Incidents of corruption or bribery	150	No
	G1-5	Political influence and lobbying activities	151	No
	G1-6	Payment practices	154	No

1 Prepared on the basis of our own criteria, which have been derived from ESRS standards.

Definitions of all metrics

Topic	Metrics
E1 **Climate change mitigation** Building Research Establishment's Environmental Assessment Method (BREEAM)	BREEAM is an internationally recognized quality mark that evaluates the environmental performances of buildings with regard to different criteria such as energy consumption, water management, indoor environment, materials and waste management.
Carbon Risk Real Estate Monitor (CRREM)	The Carbon Risk Real Estate Monitor is a scientific model financed by the EU in which specific threshold values and CO_2 reduction pathways are established for real estate. It is an internationally recognized standard that helps us to make a substantiated case for a scenario to reduce energy consumption and the greenhouse gas emissions of real estate.
CO_2eq footprint	An annual calculation that clarifies how much CO_2eq and other greenhouse gases are emitted. The following locations fall within the scope of this CO_2eq calculation: Heerlen, Beek, Amsterdam and Beitel (Netherlands), New York (US) and Hong Kong (China). Due to materiality, Singapore has been excluded.
Decarbonization levers	Climate mitigating measures.
Climate-neutral	CO_2eq-neutral or climate-neutral means that a government, organization or process does not emit greenhouse gases (such as CO_2). APG differentiates between gross emissions (location-based) before deduction of sustainable sources of energy and net emissions (market-based) after deduction of sustainable sources of energy.
United Nations Global Compact	Created by the former Secretary General Kofi Anan in 2000, the United Nations Global Compact is a special initiative of the Office of the Secretary General and it is the world's largest business sustainability initiative. It is an appeal to companies to align their strategies and operations with the Ten Principles in the areas of human rights, labor, environment, and anti-corruption, and to take actions that foster broader social goals that are aligned with the Sustainable Development Agenda and the United Nations' Sustainable Development Goals.

Topic	Metrics
Climate commitment from the Dutch financial sector	The financial sector wants to make a contribution to the goals of the Paris Agreement and the Dutch Climate Agreement. Around fifty banks, insurers, pension funds, asset management companies and their umbrella organizations signed the Climate Commitment in 2019. The Climate Commitment is part of the Climate Agreement.
Guarantee of origin	A Guarantee of Origin (GO) is a digital certificate that serves as proof that the energy carrier in question has a sustainable origin.
Greenhouse Gas (GHG) Protocol	The Greenhouse Gas (GHG) Protocol is a worldwide standard for measuring and managing greenhouse gas emissions.
Climate change mitigation	Climate change mitigation is the reduction of greenhouse gas emissions caused by people.
Market-based (net) emissions	Market-based (net) emissions are the greenhouse gas emissions after subtracting sustainable sources of energy.
Location-based (gross) emissions	Location-based (gross) emissions are the greenhouse gas emissions before subtracting sustainable sources of energy.
Natural gas	Total emissions (TCO_2eq) that originate from the production and burning of natural gas for, among other things, heating or production processes.
Fuel for lease vehicles	The total CO_2 equivalent amount (TCO_2eq) that is emitted by lease vehicles using fossil fuels.
Refrigerants	Total emissions (TCO_2eq) resulting from the leakage of refrigerants containing greenhouse gases from cooling and air conditioning systems.
Electricity	Total emissions (TCO_2eq) relating to the production and distribution of electricity used by the organization.
District heating	Total emissions (TCO_2eq) related to the production and distribution of heat via district heating used by the organization.
Procurement of goods	Total emissions (TCO_2eq) that originate from the production of products that have been procured or acquired.
Water and waste water	Total emissions (TCO_2eq) that originate from the production of water for usage, and the emissions that originate from the treatment and processing of waste water.

Topic	Metrics
Purchase of capital goods	Total emissions (TCO_2eq) of purchased capital goods. These are end products with a long lifespan that are used to produce a product, perform a service or to sell, store or deliver goods.
Raw materials	Total emissions (TCO_2eq) from waste processing of the company's own waste.
Air travel	Total emissions (TCO_2eq) from business travel by plane.
Business travel by public transport	Total emissions (TCO_2eq) from business travel by public transport.
Business travel by car	Total emissions (TCO_2eq) from business travel by employee's car.
International rail travel	Total emissions (TCO_2eq) from international business travel by train.
Commuting by public transport	Total emissions (TCO_2eq) from commuting by public transport.
Commuting by car	Total emissions (TCO_2eq) from commuting by employee's car.
Scope 1	Direct greenhouse gases that originate from sources that are property of or are managed by an organization, such as emissions from own vehicles or installations.
Scope 2	Indirect greenhouse gas emissions linked to an organization's energy consumption, such as the production of electricity and heat consumption.
Scope 3	All indirect emissions that occur in an organization's value chain, both upstream and downstream.
CO_2eq (CO_2 equivalent)	CO_2 equivalents (CO_2eq) are the unit of measure for the impact of different greenhouse gases on the climate. Different emissions are converted to the equivalent amount of carbon dioxide (CO_2) to compare the effects.
Residual waste and residual waste percentage	The residual waste percentage is the share of residual waste relative to all waste streams on an annual basis, originating from the office environment in APG's daily operations. Residual waste is the waste that cannot be used in the recycling industry and is presented for incineration.

Topic	Metrics
S1	
Work-life balance	
Employee	An employee is a person engaged by APG on the basis of an employment contract for a definite or indefinite period.
Sickness absence	The rolling sickness absence rate over the past 12 months on the reference date December 31, 2024. (Due to restrictions on recording and reporting on sickness absence outside the Netherlands, the figure reported in the table excludes data on foreign offices.) (Number of absence days * part time % * (100% - presence %)) / (number of calendar days * part time %).
Outflow	Outflow concerns the number of employees who exited in the category 0-5 years of service during the previous 12 months / average headcount in the category 0-5 years of service during the previous 12 months.
Employee engagement	Percentage of positive reactions ("Strongly agree" and "Agree") from employees that participated in the Employee Engagement Survey during the reporting period. (For example, "I'm proud to work at APG".)
Family-related leave total/ male/female (%)	The number of employees/ male/female that have taken family-related leave (consisting of the categories informal care leave, standard care leave, parental leave, supplementary maternal leave), divided by the total number of employees/ male/female that are entitled to family-related leave (percentage). Reference date December 31, 2024.
Gender equality and equal pay for work of equal value	
Unadjusted pay gap M/F	As of the reference date, the "inclusive salary" is calculated for all employees in accordance with pay gap survey calculations. The monthly salary is converted to a 40-hour full-time equivalent, plus (some of the) wage components, such as variable pay. The average unadjusted pay gap is the following ratio: 1 minus the average "inclusive salary" of women divided by the average "inclusive salary" of men as per the reference date of December 31, 2024.
Adjusted pay gap M/F	An correction of the unadjusted pay gap M/F on the basis of certain statements/characteristics (sex, age group, scale, letter scale, promotion, job group). The percentage that therefore cannot be explained by such factors is the adjusted pay gap.

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Topic	Metrics
Highest pay relative to median	The ratio between the amount received by the employee with the highest salary divided by the median total pay of the remaining employees, based on the reference date December 31, 2024. As of the reference date, the "inclusive salary" is calculated for all employees in accordance with pay gap survey calculations. The monthly salary is converted to a 40-hour full-time equivalent, plus (some of the) wage components, such as variable pay.
Diversity	
FTE (Full-Time Equivalent)	The number of FTEs on the reference date December 31, 2024. APG's employment conditions provide for three different numbers of contracted hours for full-time employment: 36, 38 and 40 hours. The total number of FTEs on December 31, 2024 is calculated as the sum of the FTEs of all employees, taking into account their specific contracted hours.
Mid-management	Mid-management concerns leadership positions from the first up to and including the third hierarchical level (within Asset Management up to and including the fourth) below the Executive Board.
Number of employees	The total number of employees based on headcount and a breakdown by gender, on the reference date December 31, 2024.
Number of permanent and temporary employees	The total number of employees based on headcount and a breakdown by employment relationship (permanent and temporary), on the reference date December 31, 2024.
Full-time and part-time employees	The total number of employees based on full-time employment, on the basis of working hours (full-time versus part-time) and gender, on December 31, 2024.
Non-employee workers	Non-employee workers consist of employees who are not employed by APG, but have been hired on its behalf. This includes self-employed, seconded and temporary workers.
On-call employees	An on-call employee is an employee who, depending on the work available, only works when the employer asks them to do so. At APG, we do not have any employees working on an on-call basis.
Women APG-wide	Percentage of employees broken down by gender, on December 31, 2024 (on the basis of headcount).
Women in leadership positions	Percentage of employees in governance bodies (for example, the Executive Board) broken down by gender, on December 31, 2024 (on the basis of headcount).

Topic	Metrics
Number and percentage of employees per age group	The breakdown of employees in percentages per age group (<30 years, 30-50 years, >50 years), on December 31, 2024 (on the basis of headcount).
Training and skill development	
Leadership positions filled internally	The percentage of leadership vacancies filled internally in the levels L1 up to and including L5.
S4	
Consumers and end-users	
Participant satisfaction	Weighted average of all available customer satisfaction scores for all customer journeys that have been established for all funds.
Participant satisfaction percentage for KPIs achieved	Percentage of KPIs from the Service Level Agreement (SLA) with pension fund clients that have achieved the agreed standard with respect to the total number of SLA KPIs.
G1	
Business conduct	
Managing supplier relationships and payment practices	
Number of days for payment	The average number of days before an invoice is paid, broken down by 14-day and 30-day payment terms.
Payment term	The percentage of invoices that are paid within the payment term, broken down by 14-day and 30-day payment terms.

Policy documents

Policy document	Responsibility	Relevant standards	Weblink
Own workforce			
Collective labor agreement and social plan	APG Groep N.V. Executive Board	-	Discover more about a career at APG | Careers at APG
Human rights policy	APG Groep N.V. Executive Board	UDHR, ECHR, Charter of Fundamental Rights of the European Union (CFR), UNGPs, OECD, European Whistleblower Protection Directive, GDPR, ILO, UNGC.	Corporate Governance | APG
Occupational Health and Safety Policy	APG Groep N.V. Executive Board	Occupational Health and Safety Act	-
Training and development policy	APG Groep N.V. Executive Board	-	-
Diversity policy	APG Groep N.V. Executive Board		
Remuneration policy	APG Groep N.V. Executive Board	-	-
Consumers and end-users			
Product approval and assessment policy	APG Groep N.V. Executive Board	-	-
Participant-driven service policy	APG Groep N.V. Executive Board	-	-
Environment			
Climate transition plan	APG Groep N.V. Executive Board	GHG	-
Mobility policy	APG Groep N.V. Executive Board	Anders Reizen (Travel Differently) Coalition	-
Business conduct			
Human rights policy	APG Groep N.V. Executive Board	UDHR, ECHR, Charter of Fundamental Rights of the European Union (CFR), UNGPs, OECD, European Whistleblower Protection Directive, GDPR, ILO, UNGC.	Corporate Governance | APG

Policy document	Responsibility	Relevant standards	Weblink
General Procurement Conditions	APG Groep N.V. Executive Board	-	-
Procurement policy	APG Groep N.V. Executive Board	AIFMD and MIFID	-
Third Party Management Policy	APG Groep N.V. Executive Board	Pensions Act, Financial Supervision Act, Anti-Money Laundering and Anti-Terrorist Financing Act, MiFID II, AIFMD, Cloud Outsourcing Guidelines, DORA, GDPR, SEC and FINRA's Vendor Management Focus, SFC's Principles on Outsourcing of Financial Services for Market Intermediairies, SFC's Electronic Date Storage Provider Circular, HK Personal Data Privacy Ordinance	
APG Group's Stakeholder Dialog Policy	APG Groep N.V. Executive Board	ESRS, Dutch Corporate Governance Code	https://apg.nl/media/qgnbjywc/stakeholderdialoog-beleid-apg-groep-nv-def.pdf
Code of Conduct	APG Groep N.V. Executive Board	-	https://apg.nl/media/kv5jl40g/apg-gedragscode-23_20220829_1.pdf
Compliance Charter	APG Groep N.V. Executive Board	-	-
Employee Integrity Policy	APG Groep N.V. Executive Board	Financial Supervision Act, the General Data Protection Regulation (GDPR), the Dutch Pensions Act, and anti-corruption laws.	-
Financial and Economic Criminality Policy	APG Groep N.V. Executive Board	1977 Sanctions Act and delegated legal frameworks related to the Sanctions Act; Wtp and delegated legal frameworks related to the Wtp; Anti-Money Laundering and Anti-Terrorist Financing Act (hereafter: Wwft) and delegated legal frameworks related to the Wwft; Guidance from relevant regulators such as the Dutch central bank and the Dutch Authority for the Financial Markets (AFM) that provide clarification on the above legal frameworks.	-
Fraud Policy	APG Groep N.V. Executive Board	-	-

The Executive Board:

Annette Mosman, chair

Maarten Blacquière

Ronald Wuijster

Amsterdam/Heerlen, March 11, 2025

More information about the Executive Board is available at: www.apg.nl/nl/wie-is-apg/bestuur.

Message from the SB

2024 in the picture: Robotization takes flight
Sparky the robot is used for check and collecting data at a TenneT high voltage substation.

Message from the Supervisory Board

2024 was an exciting year for APG. A year with two important focus areas for the Supervisory Board: the transfer of APG's pension fund clients to the new pension system, and the creation of the frameworks for APG's future in the new system.

Transition to the new system

The preparation of the transition of APG's pension fund clients to the new pension system was monitored extensively by the Supervisory Board throughout 2024. It was on the agenda in every meeting. In October, the board also visited the teams working on the transition of the first two funds, PPF APG and PWRI, to the new system.

Following years of preliminary work, this transition with effect from January 1, 2025 became steadily more concrete. This meant that systems and processes prepared by the Pension of the Future program were tested and integrated into the regular business processes in 2024. Important lessons were learned and experiences gained during the process. These are helpful for preparations for the pension fund clients set to transition in 2026 or 2027.

In addition, the interaction between APG, the transitioning funds and the regulators DNB and AFM – for whom this transition is also a new phenomenon – was discussed with the board. DNB carried out an investigation with APG, for example, to check on its IT preparedness prior to the transition. This investigation was concluded positively, but required a great deal of attention and preparation from the organization. It was also a challenging transition for the funds. The necessary formal decisions and documentation tested the limits of their governance capacity.

Ultimately, only three pension funds in the Netherlands actually transitioned to the new system as of 2025. Two of the three funds are served by APG. Achieving the transition of two pension fund clients is a major achievement. APG is therefore operating at the limit of what can be achieved in view of the short preparation time, the large number of employees and the specific knowledge required for it. The transition demands a great deal from APG employees. In addition, it represents a significant cost item that will hit APG's financial results and buffers hard.

Transferring the funds to the new system does not mean that APG can simply close the door on the current system. To ensure that APG provides good services, it must operate skillfully in both the current and the new pension schemes for a number of years and also be able to support this with IT systems. This is also a challenge that will lead to extra costs.

Alongside all the focus on this transition, APG also took care of asset management for four pension funds and regular pension administration for eight pension fund clients and their participants in 2024, in accordance with the respective agreements. This is demonstrated by the fact that service levels were met and a high degree of client satisfaction was achieved.

Future frameworks

In 2024, ABP presented its new long-term vision for the outsourcing of pension administration and asset management. Under the denominator "APG 2030", APG will formulate its long-term strategy for the organization in the new pension system in 2025, taking ABP's vision into account. A good, efficient pension administration and asset management, in exchange for a market-based price, are the relevant criteria. The board is involved in the strategic process at several points. The board ensures that APG accounts for the interests of stakeholders in this development process and that sustainable long-term value creation is catered for sufficiently in the strategy.

In anticipation of the financial impact that the transition will have on APG, and in view of the desire to be able to provide services at a market-based price also after the transition, APG started to scrutinize its activities critically in 2024. Furthermore, all APG departments have established short-term and long-term cost saving goals. The Supervisory Board has shared views extensively with the Executive Board on this topic. This was also part of the 2025 business plan, which was discussed in the last meeting of the year with the board.

Looking ahead to the future, the Supervisory Board also discussed potential changes in the way in which APG is governed. In addition, the following specific matters were addressed at the Supervisory Board in 2024.

State of affairs at Asset Management

The subsidiary APG Asset Management, which handles asset management, has its own Supervisory Board. Important issues playing out at Asset Management that may affect APG Group, are also discussed with the Supervisory Board of APG Group.

In addition to a regular update on investment results, there were discussions about changes in investment principles of Asset Management's pension fund clients and how to implement them. These principles affect the balance between passive and active asset management and the responsible investment universe in which APG may invest. For example, there is increasing demand for index investing and for responsible investment products and investments with a social impact.

Another topic discussed was the desire of the ABP pension fund to do the mandate management itself – in other words advising on and drafting investments – and the impact that this has on the organization and on the other pension fund clients. Finally, discussions were held about Asset Management's digitalization project and the fact that the request for a MiFID II license has not been submitted.

Sustainability

The board received a written update on APG's progress in attaining its sustainability goals. Preparations for compliance with the CSRD were also discussed. Under the CSRD reporting requirements, the number of non-financial KPIs in the reporting is set to increase in the years to come.

Innovation

To prepare for the future, alternative business models and technological developments were discussed with the board – such as digitalization using Artificial Intelligence. APG's innovation goals and the choices that have been made relating to innovation priorities were also addressed.

IT security
The report from an external consultant on how to react to a major cyberattack was discussed with the Supervisory Board. This led to a number of additional consultations and a concrete action plan, which is now being implemented, under the scrutiny of the board's Audit and Risk Committee.

Performance management, 2023 financial statements and 2025 business plan
The Executive Board updates the Supervisory Board on the results at APG and its business units every quarter. This concerns the attainment of both strategic and financial goals. Further details can be found in the board report.

In 2024, APG achieved a modest financial result, due to the high costs incurred during the transition and the reduced fees that APG received from clients. In the coming years, APG may achieve a negative financial result – despite serious cost savings.

Providing high-quality pension administration, intelligent and modern asset management and the implementation of the complicated transition to a new pension system are tasks from which employees derive satisfaction.

In early 2024, the Supervisory Board devoted its attention to approving the 2023 financial statements, including the focus points regarding the improvement of internal processes, as pointed out by the external auditor, and the dividend proposal to shareholders.

The Supervisory Board discussed the working relationship with the external auditor and approved their plan for the audit of the 2024 financial year.

Staff and organization
The Supervisory Board endorses APG's commitment to being an attractive employer. The board considered the planning and development of internal successors for leadership positions, the impact of the transition to the new system on employees, the APG culture and the attainment of diversity goals. The results of the Employee Engagement Survey were also discussed, including how to follow up on improvements in the areas of communication, effectiveness of execution, leadership and collaboration. Furthermore, the board was kept informed about collective labor agreement negotiations and a workforce management model was presented. Its goal is to proactively manage the workforce, with a balanced mix of people with the right skills and abilities. Finally, people other than members of the Executive Board were invited to meetings to provide some insights on their work. Commissioners also held discussions with various APG employees during work visits.

The Supervisory Board acts as supervisor and an advisor, but also as an employer for the Executive Board. In this context, the remuneration policy for the Executive Board was discussed several times with shareholders in 2024. Performance reviews also took place with the representatives of the Executive Board.

Composition of the Executive Board

After being a member of the Executive Board for six years, Francine van Dierendonck left APG Group on October 1, 2024. Since taking office, she has ensured that participant focus is firmly anchored in APG's processes. The Supervisory Board thanks Francine for her contribution to

APG over the years and wishes her the best of luck in her future career.

Since October 1, 2024, the Executive Board is made up of Annette Mosman (CEO), Maarten Blacquière (CFRO) and Ronald Wuijster (CEO APG Asset Management).

Composition of the Supervisory Board

The vice-chair of the Supervisory Board Dick van Well stood down on November 1, 2024, due to the expiration of his second term. The board is grateful to Dick for the way in which he has fulfilled his role as a member and vice-chair of the board since November 2016 and for the skillful manner with which he presided over remuneration and selection committee meetings.

Lineke Sneller joined as a member of the Supervisory Board on November 1, 2024, after undergoing an extensive onboarding program during which she met many members of APG staff and attended various meetings. Lineke was also appointed a member of the Audit and Risk Committee.

Functioning of the Supervisory Board

In 2024, the Supervisory Board carried out a self-evaluation. The Board's own functioning and the way it interacts with the Executive Board and other stakeholders were discussed. On the whole, the board functions as required. The self-evaluation yielded small improvement initiatives for mutual interaction, such as monthly digital updates.

Committees

The Audit and Risk Committee and the Remuneration and Selection Committee help the Supervisory Board in its supervisory and advisory duties, and prepare the decision making for the Board on specific issues. The committees share their findings during every plenary session of the Supervisory Board by means of a short written and verbal explanation. The committees also evaluated their own performance in 2024 and concluded that there were no major points for concern requiring further action.

Audit and Risk Committee

In 2024, the Audit and Risk Committee was made up of Constant Korthout (chair), Peter Bommel (succeeded by Lineke Sneller as a member of this committee on November 1, 2024) and Sarah Russell.

In addition to regular topics, such as the financial statements, dividends, the business plan for the coming year and quarterly reports in the areas of Finance, Risk & Compliance and Internal Audit, several other topics were addressed in 2024. Being "demonstrably in control" – an area of improvement for APG. An update on IT operations and information security and the control framework for Artificial Intelligence. Furthermore, tax matters, preparation for CSRD reporting, an update on financial matters relating to Asset Management. An evaluation of the collaboration with the external auditor, the management letter and the audit plan of the external auditor, and communication with regulators also came up. Discussions were also held about long-term financial prognoses that have now been integrated into the regular planning and control cycle.

Remuneration and Selection Committee

In 2024, the Remuneration and Selection Committee (Remco) consisted of Dick van Well (chair), Peter Bommel and José Meijer. After Dick van Well stepped down on November 1, 2024, José Meijer took over as chair of this committee.

During 2024, the following topics were addressed in the Remco: Employee Engagement Survey, appointments and reappointments of members to the Supervisory Board and the Executive Board, ancillary positions, profile updates, remuneration, assessment and training for the Executive Board, self-evaluations, strategic staff planning, the planning and development of internal successors for leadership positions, collective labor agreement and salary development for employees, trustee report, the operational health and safety service, and diversity. Furthermore, a number of meetings were held with shareholders on the remuneration policy of the Executive Board.

Meetings

The Supervisory Board held six formal meetings with the Executive Board during the last year. The Audit and Risk Committee met on seven occasions, the Remuneration and Selection Committee on five. All Supervisory Board members were present at nearly all meetings, and the members of the Executive Board were also invited.

The attendance rate for every Supervisory Board member at the formal meetings of the Supervisory Board and its committees is provided below.

	Supervisory Board	Audit and Risk Committee	Remuneration and Selection Committee
Peter Bommel	6/6	5/6	5/5
Dick van Well	4/5		5/5
José Meijer	5/6		5/5
Sarah Russell	6/6	7/7	
Constant Korthout	6/6	7/7	
Lineke Sneller	1/1	1/1	

In addition, the board held six meetings among themselves. There were also seven additional committee meetings. During the year, there was continuous contact between members of the Supervisory Board among themselves and with the Executive Board. Moreover, members of the board regularly consulted with shareholders on topics such as strategy, appointments and remuneration.

Relationship with the works council

José Meijer and Dick van Well regularly represented the Supervisory Board in discussions with the works council. In February and September 2024, they attended an Article 24 consultation meeting with the works council. They also attended a training day.

Independence of the members of the Supervisory Board

All of the current members of the Supervisory Board are entirely independent, as defined in the Dutch Corporate Governance Code, with the exception of José Meijer who served as vice-chair of the pension fund ABP, a shareholder of APG, for five years prior to her nomination to the board in September 2020. This did not cause any conflict of interests in the subjects discussed by the Supervisory Board in 2024.

Annual report and financial statements for 2024

The Supervisory Board has approved the annual report and financial statements for 2024 and is advising the shareholders to adopt the annual report and financial statements, and approve the corresponding proposed dividend.

A word of thanks

The board thanks APG employees and the Executive Board for implementing the transition of two pension fund clients to the new system in 2024, an ongoing solid administration of pensions, high-quality asset management and the professional support.

Supervisory Board

Peter Bommel, chair

Sarah Russell, vice-chair

Constant Korthout

José Meijer

Lineke Sneller

Amsterdam, March 11, 2025

Financial statements

2024 in the picture: Smartphone usage

On average, young people spend 6.5 hours per day on their smartphones. A quarter of them even spend more than eight hours, according to a survey by post-doctoral researcher Dr Teun Siebers from the University of Amsterdam. This is causing problems. The use of social media and gaming apps before bedtime is leading to a worse night’s sleep.

Introduction

These are the financial statements of APG Groep NV, in which we account for the financial year 2024, in accordance with laws and regulations. The original financial statements were drafted in Dutch. This document is an English translation of the original. In case of any discrepancies between the English and the Dutch text, the latter will prevail.

Consolidated financial statements

Consolidated balance sheet at December 31, 2024

Before profit appropriation, in thousands of euros

	Notes	31-12-2024	31-12-2023
Assets			
Non-Current Assets	1		
Intangible assets		40,467	54,680
Property, plant and equipment		77,013	74,617
Financial non-current assets		64,273	54,880
		181,753	**184,177**
Current assets	2		
Receivables		293,552	247,503
Cash & cash equivalents		514,613	455,068
		808,165	**702,571**
Total assets		**989,918**	**886,748**
Liabilities and equity			
Equity	3		
Equity		489,462	477,075
Non-controlling interest		428	582
		489,890	**477,657**
Provisions	4	**95,604**	**78,543**
Non-current liabilities	5	**1,021**	**1,021**
Current liabilities	6	**403,403**	**329,527**
Total liabilities and equity		**989,918**	**886,748**

Consolidated profit & loss account for 2024

In thousands of euros

	Notes	2024	2023
Net turnover			
Management fees		1,027,564	992,669
Other operating income		6,942	9,828
Total operating income	7	**1,034,506**	**1,002,497**
Costs of outsourced work and other external costs		228,800	228,637
Personnel expenses		602,344	579,421
Amortization and depreciation of non-current assets		29,383	32,185
Other operating expenses		177,785	165,046
Total operating expenses	8	**1,038,312**	**1,005,289**
Operating result		**-3,806**	**-2,792**
Interest and similar income	9	**18,625**	**15,694**
Interest and similar expenses	10	**-395**	**-587**
Changes in the value of receivables attributable to fixed assets and of investments	11	**3,222**	**1,751**
Result before taxes		**17,646**	**14,067**
Taxes on result	12	-2,883	-3,005
Share of profit/(loss) associates		-615	-748
Result after taxes		**14,148**	**10,313**
Non-controlling interests		154	-51
Net result		**14,302**	**10,262**

Consolidated cashflow statement for 2024

In thousands of euros

	Notes	2024	2023
Cash flow from operating activities			
Operating result		-3,806	-2,792
Adjustments for:			
- Amortization and depreciation of non-current assets	8	29,383	32,185
- Changes in working capital		15,129	33,592
- Change in provisions		13,586	4,999
Cash flow from business operations		**54,292**	**67,984**
Interest received		19,468	11,808
Dividends received		-	599
Interest paid		-395	-587
Corporate income tax paid		12,816	-5,549
Cash flow from operating activities		**86,181**	**74,255**

	Notes	2024	2023
Cash flow from/(used in) investing activities			
Investments in non-current assets		-17,734	-24,263
Issue of loans	1	-589	-4,447
Redemption of issued loans	1	180	819
Purchase of securities	1	-4,607	-4,805
Sale of securities	1	2,398	1,945
Capital contribution in participations	1	-700	-1,050
Cash flow from/(used in) investing activities		**-21,052**	**-31,801**
Cash flow from /(used in) financing activities			
Dividend paid to shareholders	3	-4,300	-99,800
Repayment loan		-	-
Cash flow from /(used in) financing activities		**-4,300**	**-99,800**
Net cash flow		**60,829**	**-57,346**
Price and translation differences on cash & cash equivalents		6,988	-3,129
Change in cash & cash equivalents		**67,817**	**-60,475**
Opening balance, cash & cash equivalents	2	455,068	515,543
Closing balance, cash & cash equivalents	2	514,613	455,068
Opening balance, debet balances on bank accounts	6	-	-
Closing balance, debet balances on bank accounts	6	-8,272	-
Change in cash & cash equivalents		**67,817**	**-60,475**

Consolidated statement of total result for 2024

in thousands of euros

	Notes	2024	2023
Net result		14,302	10,262
Translation differences on foreign operations	3	2,385	-1,111
Total of direct movements in the equity as part of group equity		2,385	-1,111
Comprehensive income		**16,687**	**9,151**

Basis of preparation and accounting policies

Introduction

Activities

APG Groep NV (APG Group) provides management advice, asset management, pension administration, pension communication and employer services.

Group relationships

The financial statements are based on the legal entities of APG Group. APG Group was founded on February 29, 2008, is registered in the commercial register under number 14099616, and has its registered office at De Oude Lindestraat 70, 6411 EJ Heerlen.

APG DWS en Fondsenbedrijf

APG DWS en Fondsenbedrijf is responsible for management advice, pension administration and pension communication for APG's principals (pension funds and social funds) in the public and private sectors.

APG Asset Management

APG Asset Management is responsible for asset and fiduciary management and performs advisory activities for its client funds. APG is a long-term pension investor, which therefore needs to have a responsible investment policy. Execution of this policy forms an integral part of the asset management process.

Shareholder relationship

APG Group has two shareholders: Stichting Pensioenfonds ABP (ABP) (92.16%) and Stichting Sociaal Fonds Bouwnijverheid (Stichting SFB) (7.84%).

Reporting period

These financial statements cover the financial year 2024, which ended on the balance sheet date 31 December 2024.

Applied Standards

The consolidated financial statements of the company are part of the statutory annual accounts of the company and has been drawn up in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code. The accounting policies applied for the valuation of assets and liabilities and the determination of the result are based on historical costs, unless stated otherwise in the further accounting policies.

Application of Article 402, Book 2 of the Dutch Civil Code

The company's financial information is included in the consolidated annual report. Therefore, the company profit and loss account in accordance with Article 402, Book 2 of the Dutch Civil Code, only presents the share in the result of participating interests after tax and the other result after tax.

Going concern

These financial statements have been prepared on the basis of the going concern assumption. In addition, the credit risk on the most important customers is relatively limited and a large part of our revenues is based on price agreements that are independent of developments in the financial markets.

Functional and presentation currency

The financial statements are presented in euros, which is the company's functional currency. All amounts in the financial statements have been rounded to the nearest thousand.

Comparison with previous year

There have been no changes in the accounting principles with respect to the previous year.

Estimates

The preparation of the financial statements requires management to make judgments and estimates and make assumptions that affect the application of accounting policies and the reported value of assets and liabilities, and of income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continuously reviewed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods affected by the revision. Management estimates primarily relate to valuation of goodwill, client contracts and provisions. If there is a change in estimate, this is stated in the notes to the relevant part of the financial statements item.

Basis of Consolidation

In the consolidated financial statements, equity investments in entities in which APG Group can exercise control over management decisions and financial policy are fully consolidated. Inter-company transactions and mutual financial obligations are eliminated. The results and identifiable assets and liabilities of newly acquired entities are included in the consolidated financial statements from the date of acquisition. The date of acquisition is the point in time when dominant control can be exercised over the relevant entity. Entities included in the consolidation continue to be consolidated until the time they are sold. Deconsolidation takes place at the time when decisive control is transferred. In that case, the relevant company is presented as a financial non-current asset. Minority interests are valued at the proportional share of third parties in the net value of the assets and liabilities of a consolidated company, determined according to the accounting principles of the company.

Subsidiaries are participating interests in which the Company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors. Group companies are participating interests in which the company has a majority interest, or in which it can exercise decisive influence by other means.

A list of consolidated entities is included as part of the notes to the company financial statements. Joint ventures are not consolidated, but are included under financial non-current assets. Valuation principles of group companies are adjusted where necessary to make them consistent with the applicable accounting principles of APG Group.

Related parties

All entities over which APG Group exercises dominant or joint control, or significant influence, are designated as related parties. Entities that can exercise dominant control over APG Group are also designated as related parties. The statutory members of the Executive Board and the members of the Supervisory Board of APG Group are also designated as related parties.

Recognition

An asset is recognized on the balance sheet when it is probable that the future economic benefits of the asset will flow to the company and the amount of the asset can be measured reliably. A liability is recognized in the balance sheet when it is probable that an outflow of resources will result from its settlement and the amount thereof can be measured reliably.

An asset or liability is no longer recognized in the balance sheet if a transaction results in the transfer of all or virtually all rights to economic benefits or risks in relation to the asset or liability to a third party.

Income is recognized in the profit and loss account when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably.

Costs are recognized when a reduction in economic potential associated with a reduction in an asset or an increase in a liability has occurred and the extent can be reliably determined.

Principes for the translation of foreign currencies

Transactions in foreign currencies

At initial recognition, transaction denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions. Monetary assets and liabilities and non-monetary assets and liabilities denominated in foreign currency, with the exception of goodwill, are translated into the functional currency at the exchange rate on the balance sheet date. The exchange rate differences resulting from the settlement and translation are credited or charged to the profit and loss account, unless hedge accounting is applied. Goodwill that is valued according to the acquisition price valued in a foreign currency is converted at the exchange rate on the transaction date. Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value, are translated into the functional currency at the spot exchange rates when the current value is determined. Exchange rate differences that arise from this translation are directly recognised in equity using the accounting treatment as the change in current value.

Conducting business abroad

On consolidation, the balance sheets of group companies whose functional currency is not listed in euro, are converted into euro at the exchange rate on the balance sheet date. Result items are converted at the average price during the reporting year. Currency differences on the value on consolidation Group companies involved are included in the translation differences reserve.

Hedge of the net investment in foreign operations

Translation differences arising on the translation of a financial liability designated as hedging of the net investment in a foreign business operation are included in the reserve translation differences in equity, insofar as the hedge is effective. The ineffective part is recognized as an expense in the profit and loss account.

Change in accounting policy with respect to cash and cash equivalents in the cashflow statement

Until January 1, 2024 all debet balances on bank accounts are considered part of financing activities and are the related cash flows accounted for as part of cash flows from financing activities.

As a result of the clarification in RJ 360 'The Cash Flow Statement,' a change in accounting policy has been applied in the 2024 financial statements. As of January 1, 2024 debit balances of current account positions with banks that are an integral part of cash management are included as part of cash and cash equivalents, and the related cash flows are therefore no longer presented as part of cash flows from financing activities.

The change in accounting policy has no impact on the comparative figures for 2023, nor on the equity at the end of 2024 or on the result after tax for 2024.

Financial instruments

Financial instruments include investments in equities and bonds, trade and other receivables, cash, loans and other financing liabilities, derivative financial instruments and trade and other payables. The valuation of current receivables and payables is treated in the separate paragraphs.

The following categories of financial instruments are included in the financial statements: marketable securities, fixed-income investments, other investments, other financial liabilities and derivatives.

Financial assets and financial liabilities are recognized on the balance sheet from the moment contractual rights or liabilities arise with regard to that instrument. A financial instrument is no longer recognized on the balance sheet if a transaction results in the transfer of all or virtually all rights to economic benefits or risks in relation to the position to a third party.

Financial instruments (and separate components of financial statements) are presented in the consolidated financial statements in accordance with the economic reality of the contractual provisions. Presentation is based on separate components of financial instruments as financial assets, financial liabilities, or equity capital. Financial and non-financial contracts may contain agreements that qualify as derivatives. Such agreements are separated from the basic contract and recognized as derivatives if their economic characteristics and risks are not closely related to the economic characteristics and risks of the basic contract, a separate instrument with the same terms would qualify as a derivative, and the combined instrument is not valued at fair value with recognition of changes of the value in the profit and loss account.

Financial instruments that are not separated from the contracts in which they are incorporated, are recognized in line with the basic contract. Derivatives that have been separated from the basic contract will be recognized in line with the accounting policy for derivatives to which cost price hedge accounting is not applied, are stated at cost or fair value, whichever is lower.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition. After initial recognition, financial instruments are valued as explained in the relevant paragraphs.

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at the lower of cost and market value, unless hedge accounting is applied. APG Group has taken out forward exchange contracts to hedge the currency risk of its foreign subsidiaries' expected future transactions in foreign currencies. These forward exchange contracts are measured at cost, using the hedge accounting method. As long as the hedged item has not yet been recognized in the balance sheet under cost-price hedge accounting, the hedging instrument is not revalued. If there is an ineffective part of the hedging relationship, this part is recognized in the profit and loss account, insofar as this is a loss. Internal derivatives arising from back-to-back agreements between APG Group and APG Asset Management are recognized in the separate financial statements of APG Group on the basis of cost price or lower market value.

Valuation differences arising in the valuation of the currency forward contracts that are designated as a hedge of the net investment in foreign subsidiaries, are directly recognized in the reserve translation differences as part of equity, insofar as the hedge is effective. The ineffective portion is recognized in the income statement.

Hedge accounting

When applying cost price hedge accounting, the first valuation and the basis for recognizing the hedge instrument on the balance sheet and determining its result depends on the hedged position. If the hedged position is recognized on the balance sheet at cost price, the derivative is also carried at cost price. If derivative instruments expire or are sold, the cumulative profit or loss until that point, which had not yet been recognized in the profit and loss account, will be included on the balance sheet as an accrued item until the hedged transactions take place. If the transactions are no longer expected to take place at all, the cumulative profit or loss will be transferred to the profit and loss account.

Conditions for hedge accounting

The APG Group has documented its hedging strategy. The assessment if derivative financial instruments used in hedge accounting are effective in settling currency results of the hedged items are documented using hedge accounting documentation. Hedge relationships are terminated when the respective derivative instruments mature or are sold. At least on any formal reporting time and upon inception of the hedging relationship, APG Group conducts a quantitative effectiveness test.

Impairment of financial assets

A financial asset that is not measured at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, breach of contract such as default or delinquency in interest or principal payments, granting to the borrower a concession that the Company would not otherwise consider, indications that a debtor or issuer will enter bankruptcy or other financial restructuring, the disappearance of an active market for that financial asset because of financial difficulties or observable data indicating that there is a measurable decrease in the estimated future cash flow, including adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, and the disappearance of an active market for a security. Indicators for subjective evidence are also considered together with objective evidence of impairments, such as the disappearance of an active market because an entity’s financial instruments are no longer publicly traded, a downgrade of an entity’s credit rating or a decline in the fair value of a financial asset below its cost or amortised cost.

Indicators for impairment of financial assets valued at amortised cost by the Company will be assessed individually whether they are subjected to impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate. Impairment losses below (amortised) cost of investments in equity instruments that are measured at fair value through profit or loss, are recognised directly in the profit and loss account.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original amortised cost).

Risk paragraph

As a pension administrator, APG Group is faced with risks that may influence financial stability. These concern liquidity risk, credit or counterparty risk, concentration risk and interest and exchange rate risk. In order to limit these risks as far as possible APG Group has a policy of risk avoidance, in which preservation of capital takes precedence. Conditions have been established for placing surplus liquidity with external parties, aswell in case of attracting deposits.

Liquidity risk

APG Group monitors the liquidity position by means of successive liquidity budgets. Management sees to it that the organization always has sufficient liquidity available to be able to meet its commitments. This is also taken into account of the liquidity requirements imposed by regulators. Temporary surpluses of liquid assets are placed in the money market for a short time, while applying the risk-limiting conditions, with parties with at least an A-rating according to agencies Fitch and Moody's.

Credit risk

Credit risk is defined as the risk that the counterparty to a financial instrument fails to fulfill its obligation, resulting in a financial loss for APG. The credit risk for APG is mainly limited to receivables from customers, group companies, related parties and banks. The receivables from clients are receivables that arise on a monthly basis with regard to the fees that APG receives for performed activities for asset management and pension administration. These receivables are settled monthly. With regard to banks, APG only uses products for liquidity management which, according to its treasury statutes, are permitted, such as deposits and cash with financial institutions that have at least an A-rating according to rating agencies Fitch and Moody's. The outstanding deposits and cash with banks is spread over various institutions to reduce counterparty risk. The credit risk on forward currency contracts is limited by through the exchange of cash collateral. The company runs a credit risk on loans and receivables included under financial fixed assets, trade and other receivables, cash and cash equivalents and the positive market value of derivative financial instruments.

The maximum credit risk run by the company amounts 830.3 million euros per December 31, 2024 (2023: 699.3 million euro).

Concentration risk

In the interest of risk diversification for the concentration risk on cash and cash equivalents, APG makes use of multiple financial institutions with at least an A-rating according to rating agencies Fitch and Moody's and strives to hold a maximum of 20 percent within one party.

APG Group also runs a concentration risk if the company is dependent upon the provision of services of one client. APG Group has a concentration risk given the relative importance of the largest client. This risk is mitigated by giving substance to the strategic partnership in continuous dialogue with the biggest client and by means of active stakeholder management.

Interest rate risk

Interest rate risk is the risk that the value of investments may fluctuate due to changes in market interest rates. Since APG Group has interest rate risk abroad (limited bonds) and on outstanding liquid assets resources. APG Group has no variable interest loans.

Currency risk

As a result of the international activities, the company is running out receivables and payables recognized in the balance sheet, net investments in foreign companies and future transactions, currency risk of US and Hong Kong dollars in particular to hedge against unfavorable fluctuations in currency exchange rates, APG Group has concluded foreign exchange forward contracts for the expected future foreign currency transactions of its foreign subsidiaries. These currency forward contracts are valued at cost, with the method of cost price hedge accounting is applied. In the table below the sensitivity of exchange rate changes to the result before taxes is displayed. The effect on the result before tax assumes that all other variables remain constant and ignores any impact of unhedged expected costs 2024.

Currency Table

in thousands of euros

	Assets	Liabilities	Net position	Unhedged forecasted costs 2024	Change in currency exchange rate	Effect on result before tax
EUR - USD	120,727	4,182	116,545	26,067	10%	-11,654
					-10%	11,654
EUR - HKD	41,768	6,761	35,007	7,638	10%	-3,501
					-10%	3,501
EUR - SGD	2,170	1,130	1,040	6,731	10%	-104
					-10%	104
EUR - CAD	-	4-	4	14	10%	0
					-10%	0
EUR - AUD	-	14-	14	-	10%	-1
					-10%	1
EUR - NZD	3	5	2-	-	10%	0
					-10%	0
EUR - CHF	499	540	41-	-	10%	4
					-10%	-4
EUR - GBP	937	1,441	504-	558	10%	50
					-10%	-50
Total	**166,104**	**14,041**	**152,063**	**41,008**		

Solvency risk

There are capital requirements that apply for the asset management activities of the subsidiary APG Asset Management NV as laid down in the Alternative Investment Fund Managers Directive (AIFMD) and in the Investment Firm Regulation and Directive (IFR/IFD). This legislation includes rules for the calculation of the regulatory capital to be held and rules regarding the determination of the available regulatory capital. APG Asset Management is required to have sufficient capital available to absorb financial damage and losses resulting from the identified risks. To assess whether there is sufficient qualifying capital available, APG Asset

Management uses the ICLAAP (Internal Capital and Liquidity Adequacy Assessment Process). It also uses historical financial data, a forwardlooking business plan and scenario analysis to determine whether the required capital is future-proof. APG During 2024, Asset Management has met the capital requirements according to the AIFMD aswell as IFR/IFD.

Basis of measurement of assets and liabilities

General

Non-current assets

Intangible assets

Intangible assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of that asset can be measured reliably. The amortization term is based on the expected useful life.

Goodwill

When a business is acquired, all identifiable assets and liabilities of the business acquired are recognized in the balance sheet at their fair value at acquisition date, except in the case of 'common control' transactions (transactions involving the purchase or sale of equity in group companies), which are recognized at their carrying amounts. The acquisition price consists of the monetary amount or equivalent that has been agreed for the acquisition of the acquired business. Goodwill arising on acquisition is initially recognized as the difference between the acquisition price and the fair value of the identifiable assets and liabilities. The capitalised positive goodwill is amortised on a straight-line basis over the estimated useful life, determined at ten-twenty years.

Software

Research costs are recognized in the profit and loss account. Expenditure on development projects are capitalized as part of the manufacturing cost if it is probable that the project will be commercially and technically successful (that is, if economic benefits are likely to be achieved achieved) and the costs can be determined reliably. The capitalised software is amortised on a straight-line basis over the estimated useful life, determined at four-five years.

Property, plant and equipment

Tangible fixed assets of the enterprise are valued at cost less straight-line depreciation or at a lower value. The cost price of the mentioned assets consists of the acquisition price and other costs of getting the assets in place and in the condition that is necessary for their intended use. Depreciation takes place on the basis of the expected useful life, taking into account any residual value.

Maintenance expenses are only capitalized if they extend and/or generate future performance related to the object. A provision is recognized in case decommissioning cost are applicable, refer to the section Provisions.

Financial non-current assets

Participating interests with significant influence

Participating interests are valued according to the net equity method on the basis of net asset value. Participating interests with a negative net asset value are valued at nil. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Participations without significant influence

Participating interests in which APG Group cannot exercise significant influence are included in the financial fixed assets and valued at cost or lower realisable value.

Deferred tax assets

Deferred tax assets, including assets arising from tax losses carried forward, are recognized in the balance sheet to the extent that it is probable that there will be future taxable profits against which temporary differences exist and unused tax losses can be carried forward. The deferred tax assets are determined taking into account the applicable enacted tax rates in upcoming years. Valuation takes place against nominal value.

Loans lent

Loans lent are measured at fair value on initial recognition. After initial recognition, loans receivable are valued at amortized cost, based on the effective interest method. In the absence of premium and discount, this is the nominal value.

Impairment of fixed assets

For tangible and intangible fixed assets, an assessment is made at each balance sheet date to determine whether there are indications that these assets are subject to impairment. If such indications are present, recoverable amount of the asset is estimated. The recoverable amount is the higher of the value in use and the realizable value. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Impairment occurs when the carrying amount of a non-current asset exceeds its realizable value. The recoverable amount is the higher of the business value and the realizable value. The business value is the present value of the future cash flows. For the determination of the business value, specific provisions apply with regard to the determination of the cash flows and the discount rate.

Reversal of a previously recognized impairment loss only takes place if there is a change in the estimates used in determining the recoverable amount since the recognition of the latest impairment loss. In that case, the carrying amount of the asset (or cash-generating unit) increased to its estimated recoverable amount, but not higher than the carrying amount that would have been determined (after depreciation) if no specific impairment loss for the asset (or cash-generating unit) would have been recognized.

Current assets

Receivables

Receivables are initially recognized at their fair value. They are subsequently valued at amortized cost. This value usually corresponds to the nominal value after deduction of any provision for non-recoverability.

Cash & cash equivalents

Cash & cash equivalents are measured at nominal value. If liquid assets are not freely available, this is taken into account in the valuation. Cash and cash equivalents denominated in foreign currencies are converted into the functional currency at the spot exchange rate prevailing on that date. Reference is made further to foreign currency pricing bases. Cash and cash equivalents expected not to be available to the company for more than twelve months are classified as financial fixed assets.

Group equity

Equity is explained in the notes to the company financial statements.

Equity

Issued financial instruments that, on the basis of economic reality, qualify as equity instruments are presented under equity. Distributions to holders of these instruments are deducted from equity after deduction of any related income tax benefit.

Issued financial instruments that, on the basis of economic reality, qualify as a financial liability are presented under liabilities. Interest, dividends, income and expense related to these financial instruments are recognized in the profit and loss account as costs or revenues.

Share premium

The amounts contributed by the shareholders in excess of the nominal share capital are accounted for as premium. This also includes additional capital contributions by existing shareholders without issuing shares or issuing rights to subscribe for or acquire shares of the partnership. Costs and capital tax associated with the placement of shares that are not capitalized are charged to the share premium less tax effects. If and to the extent the share premium is insufficient, the amounts are charged to the other reserves.

Third party minority interest

Minority interests are valued at the proportional share of third parties in the net value of the assets and liabilities of a consolidated entity is determined with the Company's measurement principles.

Provisions

General

Provisions are formed for legally enforceable or constructive obligations that are outstanding on the balance sheet date, where an outflow of resources is likely to be necessary and of which the size is can be estimated reliably. The size of the provision is determined by estimating the amounts necessary to offset the relevant liabilities and losses per balance sheet date and, insofar as long-term and material, are valued at the present value of the expected future expenditure. The discount rate is based on the interest rate at the end of the year of high-quality Dutch corporate bonds, taking into account the remaining term of the provisions.

Personnel-related provisions

Personnel-related provisions are stated at nominal value and only at cash value, if the effect of time value is material. The provision for service anniversaries is valued at the present value of expected future expenses, where relevant and taking into account actuarial principles. The calculation of the provision for official anniversaries takes into account, among other things expected salary increases, retention rates. In addition, the provision bonus plan valued at the present value of expected future expenditure. The discount rate is based on the interest rate at the end of the year of high-quality Dutch corporate bonds taking into account the remaining term of the provisions.

Restructuring provision

The restructuring provision is nominated at present value. The recognition of this restructuring provision occurs when a detailed plan of the restructuring has been formalised and has been shared with those involved. Withdrawals from the provision are made at the moment when the relevant expenditures for voluntary leave and redundancy take place.

Provision for onerous contracts

The provision for onerous contracts concerns the negative difference between the expected benefits from the performance to be received by the company after the balance sheet date and the unavoidable costs to meet its obligations. The unavoidable costs are the minimal costs to be incurred to settle the agreement, being the lowest of the costs of meeting the obligations on the one hand and the fees or fines for not meeting the obligations on the other hand. The cost of meeting the obligations of a contract includes the costs directly related to the contract. These costs consist of both:

- the incremental costs of meeting the obligations of a contract, for example, direct labour and material costs; and
- an allocation of other costs that are directly related to fulfilling the obligations of a contract, for example, an allocation of depreciation costs of an item of property, plant and equipment used, among other things, in the performance of the contract.

Provision for claims, disputes and lawsuits

A provision for claims, disputes and lawsuits is recognised when it is probable that the company will be convicted in a lawsuit. The provision concerns the best estimate of the amount needed to settle the obligation and also includes the litigation costs.

Provision for repair costs

Costs of dismanteling that are caused by installing the asset, are recognised by building up a provision during the useful life of the asset. Additions to the provision are charged systematically to the profit and loss account. The amount of the provision to be built up is the best estimate of the expenditure necessary to settle the liability.

Non-current liabilities

Non-current liabilities are initially recognized at fair value. They are subsequently valued at amortized cost. This value corresponds to the nominal value in case there are no transaction costs.

Current liabilities

Current liabilities are initially recognized at fair value. They are subsequently valued at amortized cost. This value usually corresponds to the nominal value.

Principles for determining results

General

Income and expenses are allocated to the period to which they relate.

Net turnover

The Company usually recognizes revenue at the level of separate contracts. If it is necessary to reflect economic reality, revenue is recognized at the level of a group of contracts, for example when the Company has entered into several separate contracts, which have been negotiated as a total, separating the individual contracts in terms of pricing and profit margin that are closely related and are performed simultaneously or immediately after each other.

The Company recognizes revenue for the amount to which the Company expects to be entitled in exchange for transferring promised goods or services, which is the transaction price. This amount excludes amounts received on behalf of third parties. The transaction price may consist of a fixed fee, a variable fee or a combination thereof. When determining the transaction price, the Company does not take credit risk into account. Any write-downs as a result of the credit risk are charged to the pro fit and loss account. In determining the transaction price, the Company assumes that the goods or services will be provided in accordance with the relevant agreement and that this agreement will not be cancelled, extended or otherwise modified. The Company measures a non-monetary consideration at fair value. The Company recognizes revenue per separate performance obligation. A performance obligation is a commitment in a contract to supply: a distinct good or service or a combination of goods or services which are collectively distinguishable from other commitments in the contract; or a range of distinct services that are largely the same.

A promised good or promised service can be distinguished if the following criteria are met: the buyer can use the benefits of the goods or services independently, whether or not jointly with resources that the buyer has or can obtain; and the commitment to provide the goods or services is distinct from the other commitments contained in the contract.

If two or more commitments in a contract by the Company to provide goods or services are indistinguishable separately, the commitments are combined into a combination of goods or services that are collectively distinct from other commitments in the agreement.

In the event of multiple performance obligations in a contract, the total transaction price is allocated to the performance obligations in proportion to the value of the performance obligations. The Company bases this value on the stand-alone selling price per performance obligation. If the standalone sales price is not known, the Company uses estimates.

Rendering of services

Revenue from services rendered is accounted for in net turnover at the fair value of the consideration received or receivable, net of allowances and rebates.

Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

Revenues from services rendered are recognised in the profit and loss account in proportion to the stage of completion of the transaction as at the reporting date. The stage of completion is assessed by reference to assessments of the work performed/the services performed up to that moment as a percentage of the total services to be performed/the costs incurred up to that moment in proportion to the total estimated costs of the services to be performed.

Management fees

Fees received from third parties for pension administration activities and asset management, minus any discounts, are allocated to the period to which they relate.

Other operating income

Income from other services provided to third parties is recognized after deduction of any discounts and taxes levied on turnover. Income from services provided is recognized based on the percentage completed relative to the total services to be provided at the balance sheet date.

Operating expenses

Costs of outsourced work and other external costs

This includes the costs incurred for the benefit of the operating income, insofar as these costs have been charged by third parties.

Personnel costs

Employee benefits are recognized as an expense in the income statement in the period in which the work is performed and, insofar as it has not yet been paid, is included as a liability in the balance sheet. If the amounts already paid exceed the benefits owed, the excess is recognized as a current asset insofar as there will be a reimbursement by the personnel or a settlement against future payments by APG.

For the rewards with accrual of rights, sabbatical leave, any transition payments, profit sharing and bonuses, the expected expenses during employment are taken into account. An expected compensation as a result of profit sharing and bonus payments is recognized if the obligation to payment of that consideration arose on or before the balance sheet date and a reliable estimate of the obligations can be made. Contributions received arising from life-course savings schemes are included in taken into account in the period in which these contributions are due. Additions to and release liabilities are charged and credited to the profit and loss account.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of bene fits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognized liability is the best estimate of the amounts necessary to settle the relevant obligation on the balance sheet date. The best estimate is based on contractual agreements with employees (CAO and individual employment contracts). Additions to and release of liabilities are charged or credited to the profit and loss account.

If the effect of the time value of money is material, the liability shall be measured at the present value of the expenditure expected to be necessary to settle the obligation. The pre-tax discount rate used to discount re flects the current market interest rate. The risks already taken into account when estimating future expenditure do not serve this purpose to be involved.

If no reliable estimate can be made of the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the entity to be paid in the future, no provision is recognised.

Dutch pension plans

The pension plans are processed on the basis of the applicable pension agreements in accordance with the commitment approach; the pension premiums due for the year under review are recognized as an expense in the profit and loss account. Insofar as the premiums due have not yet been paid on the balance sheet date, a liability is recognized. If the premiums already paid on the balance sheet date exceed the premiums due exceed, a receivable is recognized to the extent that this will be repaid by the fund or offet against premiums due in the future. APG Group has no obligation to make additional contributions in the event of shortfalls at these pension funds, other than the payment of future premiums.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, with a strict division between the responsibilities of and a risk sharing between the parties involved (company, fund and participants), are recognised and measured in accordance with Dutch pension plans (see above).

For foreign plans that are not comparable in design and functioning to the Dutch pension system is, a best estimate is made of the liability existing on the balance sheet date. This liability is then measured on the basis of an actuarial measurement principle generally accepted in the Netherlands.

Specific regulations apply to most employees abroad.

Termination benefits

Severance payments (including most transition payments) are payments that are awarded in exchange for termination of employment. A benefit as a result of dismissal is recognized as an obligation and recognized as an expense if the company has demonstrably committed itself unconditionally to payment of benefit. If the dismissal is part of a restructuring, the costs of the severance payment included in a restructuring provision, refer to the section provisions.

Termination benefits are valued taking into account the nature of the benefit. As the severance payment is an improvement of post-employment benefits, valuation takes place according to the same principles that are applied for pension plans. Other severance payments are measured on the basis of the best estimate of the amounts necessary to settle the obligation.

Amortization and depreciation of non-current assets

Amortization and depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the intangible and tangible fixed assets, taking into account any estimated residual value of the individual assets.

Other operating expenses

Operating expenses are allocated to the period to which they relate.

Interest and similar income

Interest and similar income is allocated to to the period to which they relate. Where necessary, the effective interest rate of the relevant assets is taken into account. Interest income includes income from cash balances, deposits and issued loans.

Interest and similar expenses

Interest and similar expenses are allocated to the period to which they relate. Where necessary, the effective interest rate of the relevant liabilities is taken into account. Interest expenses includes negative interest charges (negative interest) in relation to cash balances, deposits and interest charges on outstanding loans.

Income Tax

Income tax on profit is calculated on the result before taxes in the profit and loss account taking account any available tax loss carryforwards (insofar as these are not included as part of deferred tax assets) and taxexempt profit components, and after adding back any nondeductible costs. Temporary differences resulting from differences between accounting and tax valuation are expressed in (the movement of) the deferred tax liability or asset.

In addition, changes in deferred tax assets and liabilities arising from changes in the applicable tax rates are taken into account.

Fiscal unity

Fiscal units apply within the APG Group, for the company income tax respectively sales tax. Within such a fiscal unity, the companies are jointly and severally liable for each other's tax debts. Stichting Pensioenfonds ABP, APG Groep NV, APG DWS and Fondsenbedrijf NV, APG Asset Management NV, APG Trading BV, APG Order Execution BV as well as Entis Holding BV and Entis BV form together a fiscal unity for sales tax purposes. This means that the company is jointly and severally liable for sales tax debts of the fiscal unity as a whole. With regard to income tax APG Groep NV forms a fiscal unity with APG DWS and Fondsenbedrijf NV, APG Asset Management NV APG Trading BV and APG Order Execution BV. This means that these legal entities are jointly and severally liable for tax debts.

The income tax of the fiscal unity is charged to each company belonging to the fiscal unity allocated on the basis of the company's share of the total corporate income tax. Transactions between our client ABP and APG Groep NV must comply with the tax transfer pricing agreements.

Share of profit/(loss) of participating interestsingen

The result from participating interests is determined based on the share of the group in the results of these participating interests, determing on the basis of the accounting principles of the group. This also includes any impairment losses on investees.

Leasing

The company may enter into financial and operating lease contracts. A lease agreement in which the advantages and disadvantages associated with ownership of the leased object wholly or substantially wholly are borne by the lessee is classified as a finance lease. All other leases are classified as operating leases. In the lease classification, the economic reality of the transaction is decisive and not so much the legal form. Classification of the lease is made at the time of inception of the relevant lease agreement. If the company acts as lessee in an operating lease, the lease object not activated.

Fees received as an incentive for concluding a lease agreement are treated as a reduction of the lease costs over the lease term. Lease Payments and operating lease fees are charged or debited on a straight-line basis over the lease term, unless a different allocation system is more representative is for the pattern of benefits to be obtained from the leased object.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Principles of preparation of the cash flow statement

The cash flow statement has been drawn up using the indirect method. Cash and cash equivalents include cash , demand deposits and highly liquid financial assets that are readily convertible to a known amount of cash without a significant risk of changes in value. Additionally, as a result of a change in accounting policy effective January 1, 2024 (see section changes in accounting policies), bank overdrafts are included as part of cash equivalents if they form an integral part of the entity's cash management.

Cash flows in foreign currency are converted at the average exchange rate. Income and expenditure in connection with interest, dividends received and income taxes are included under the cash flow from operating activities. Dividends paid are included under cash flow financing activities. Cash flows from financial derivative instruments accounted for as hedges are classified in the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives where hedge accounting is no longer applied are consistent with the nature of the instrument classified, from the date the hedge accounting is discontinued.

Notes to the consolidated balance sheet

1 Non-current assets

Intangible assets

Intangible assets include goodwill calculated upon the acquisition of business activities and equity interests, and the value of the client contracts identified with this acquisition. This item also includes purchased software. Movement in these items is as follows.

	Goodwill	Client Contracts	Software	Total 2024	Total 2023
Opening balance	51,783	-	2,897	54,680	72,078
Investments	-	-	54	54	1,743
Divestments	-	-	-	-	-175
Amortization	-12,438	-	-1,143	-13,581	-18,966
Devaluations	-686	-	-	-686	-
Closing balance	**38,659**	**-**	**1,808**	**40,467**	**54,680**
Cumulative acquisition value	249,305	488,325	30,760	768,390	768,372
Cumulative amortization and impairment	-210,646	-488,325	-28,952	-727,923	-713,692
Carrying amount	**38,659**	**-**	**1,808**	**40,467**	**54,680**
Amortization percentage	5-10%	5-10%	20-25%		

The economic life of intangible assets, with the exception of purchased software, is based on the period over which future economic benefits from underlying long-term contractual agreements are derived. Of the goodwill recognized at year-end 2024, 38.7 million euros(2023: 51.8 million euros) has a remaining useful life of approximately three years.

At the end of 2024, the management has indications that the goodwill of Entis BV is subject to an impairment loss. This resulted in an impairment loss of 0.7 million euros.

The software includes intangible fixed assets that are already fully amortized but are still in use. There are no intangible assets with limited ownership rights and there are no intangible assets pledged as security for debts. For the investment commitments already entered into for intangible and tangible fixed assets we refer to the notes off-balance sheet liabilities and assets.

Property, plant and equipment

Property, plant and equipment comprises the furniture and fittings, IT equipment and installations in buildings. Movement in these items is as follows.

	Furniture and fittings	ICT	Installations in buildings	Total 2024	Total 2023
Opening balance	50,444	19,607	4,566	74,617	64,218
Investments	8,586	6,790	1,492	16,868	23,671
Reclasses	-	-	-	-	-
Divestments	-61	-	-	-61	-60
Depreciation	-6,819	-8,015	-282	-15,116	-13,043
Currency impact	576	129	-	705	-169
Closing balance	**52,726**	**18,511**	**5,776**	**77,013**	**74,617**
Cumulative acquisition value	79,877	65,742	6,117	151,736	133,584
Cumulative depreciation and impairment	-27,151	-47,231	-341	-74,723	-58,967
Carrying amount	**52,726**	**18,511**	**5,776**	**77,013**	**74,617**
Depreciation percentage	10-20%	20-25%	6.7%		

The investments in furniture and fittings mainly relate to the renovations in the rental property Heerlen. In addition, investments were made in servers and storage capacity in 2024. The investments in installations relate to technical installations in the office in Heerlen.

Laptops last longer than previously estimated, which led to the decision in March 2024 to extend the depreciation period from three to four years.

This prospective decision has been reflected in the financial statements for the category hardware-laptops from April 1, 2024. The impact for 2024 amounts to a gross benefit of 0.6 million euros. The fiscal depreciation period was already five years and has not changed. The deferred tax asset formed in the past due to differing depreciation periods has been reduced by 0.15 million euros due to this adjustment.

Financial non-current assets

The financial non-current assets include a deferred tax asset resulting from differences between accounting and tax valuations, equity interests and other financial non-current assets including loans granted. The list of equity interests is included as part of the notes to the company financial statements.

Movement in these items is as follows.

	Deferred taxes	Related party loans	Other loans	Equity interests	Other securities	Total 2024	Total 2023
Opening balance	32,954	1,949	6,287	947	12,743	54,880	45,992
Acquisitions and advances	-	275	314	700	4,607	5,896	10,302
Sales and repayments	-	-180	-	-	-2,398	-2,578	-2,764
Share of profit/(loss) of associates	-	-	-	-625	-	-625	-771
Impairments	-	-471	-	-	-	-471	-77
Revaluations	-	-	-	-	2,032	2,032	1,590
Change deferred taxes	3,503	-	-	-	-	3,503	1,262
Currency impact	576	-	-	-	1,060	1,636	-654
Closing balance	**37,033**	**1,573**	**6,601**	**1,022**	**18,044**	**64,273**	**54,880**

The deferred tax asset mainly relates to temporary differences between the commercial and tax valuation of the goodwill arising as a result from of the statutory unbundling of pension funds and administrators in 2008 (and agreed with the tax authorities). Of this, 0.7 million euros is expected to be realized in 2025, of which 0.6 million euros relates to the valuation difference in goodwill. For temporary valuation differences as at the balance sheet date, a deferred tax asset or liability is recognized. Deferred tax assets are recognized insofar as it is expected that at the time of expiration of these valuation differences, the tax loss can be settled with taxable profits in the applicable periods. In addition to temporary valuation differences, an active deferred tax asset of 3.5 million euros has been formed as of 2024 in connection with future tax loss carryforwards in the Netherlands. The tax loss for 2024 is expected to be fully offset against future profits.

The loan to related parties mainly relates to Campus Heerlen Huisvesting BV.

In 2022, APG provided a loan of 2.0 million euros to Festina Finance for financing project costs. In addition, in 2023 the loan amount was increased by two tranches totaling 4.0 million euros. Repayment of the loan amount and the accumulated interest (annual 5%) will take place from January 1, 2027. The total term of the loan is eight and a half years and security has been issued for the loan amount by the director who is a major shareholder of Festina Finance. The fair value of the loan to related parties and the other loan amounts to 8.0 million euros.

The item equity interests concerns the interests in Campus Heerlen Huisvesting BV and Campus Heerlen Management & Development BV, Hyfen BV and Design Authority BV. The stake acquired in 2021 in Prikkel BV was sold in 2023, leading to a write-down of the remaining goodwill. At the end of 2022, the other shareholder of Campus Heerlen Huisvesting BV agreed that APG will sell its interest to the other shareholder. The expectation is that the settlement of this transaction will result in a loss of 3.7 million euros for APG. The amount has been recognized as a provision in the balans sheet as of December, 2023. It is expected that the transaction will be settled in 2025.

The other securities item relates to investments in relation to longterm remunerations.

2 Current assets

Receivables	31-12-2024	31-12-2023
Related party receivables	205,908	132,950
Prepaid expenses	61,103	57,793
Debtors	7,015	19,886
Income tax	4,141	23,739
Receivable cash collateral related to derivatives	-	1,991
Amount to be invoiced	6,273	4,625
Taxes and social security contributions	958	1,457
Other receivables and accrued income	8,154	5,062
Total	**293,552**	**247,503**

Related party receivables relate mainly to asset management services provided to mutual investment funds by APG Group. The mutual investment funds are collective investment entities to which assets are contributed by several clients with common investment goals and for which management is performed by APG Group.

No allowance for doubtful debts has been recognized.

In short-term receivables, an amount of 8 million euros (2023: 7.6 million euros) has a term of more than one year. No security has been provided and no interest was received on the receivables.

Cash & cash equivalents	31-12-2024	31-12-2023
Bank balances	387,181	365,068
Deposits	127,432	90,000
Total	**514,613**	**455,068**

An amount of 21.0 million euros (2023: 15.3 million euros) of cash & cash equivalents is not freely available due to long-term obligations towards personnel.

No other forms of security have been provided, nor have any supplementary terms and conditions been entered into. Given the nature of the deposits (short-term), the interest rate risk is very low. The deposits have been placed with creditworthy financial institutions with a minimal A-rating according to rating agencies Fitch and Moody's and have a maximum term of three months. As a result, the credit risk is limited.

3 Group equity

The composition of APG Group's equity is explained in the notes to the balance sheet in the company financial statements.

Capital and dividend policy

Important main assumptions for the in 2024 applicable capital and dividend policy are: financial stability, room for possible strategic investments and a required return appropriate to a societal oriented organization. The current capital- and dividend policy includes next to a required return on equity a required return that takes into account the the tax transfer pricing agreements, given the relation APG has with the client ABP. The proposed dividend allocation is calculated annually based on an analysis of the available capital versus our required capital according to the capital and dividend policy.

Movements in group equity

Movements in group equity and comprehensive income (group result and direct changes) are as follows.

		2024		**2023**
Opening balance		477,657		568,255
Group result after taxes	14,302		10,262	-
Translation differences, foreign associate	2,385		-1,111	-
Overall result		16,687		9,151
Dividend distributed	-4,300		-99,800	-
Total direct changes relative to shareholders		-4,300		-99,800
		-154		51
Closing balance		**489,890**		**477,657**

4 Provisions

Movement in other provisions was as follows.

	Personnel-related provisions	Provision for reorganization	Other provision	Total 2024	Total 2023
Opening balance	61,817	12,322	4,404	78,543	75,391
Additions	21,343	9,280	952	31,575	28,152
Withdrawals	-4,114	-6,267	-	-10,381	-14,792
Release	-6,774	-646	-239	-7,659	-8,592
Other changes	235	-	-	235	-
Discounting effect	-712	528	-	-184	-119
Currency impact	3,418	-	57	3,475	-1,497
Closing balance	**75,213**	**15,217**	**5,174**	**95,604**	**78,543**

Of the total amount 12.0 million euros (2023: 11.9 million euros) has an expected remaining term of more than five years. An amount of 28.7 million euros in 2024 is expected to be settled in 2024 (2023: 25.5 million euros).

Personnel-related provisions

This provision has been formed for obligations arising from long-term employee benefits (service anniversaries, bonus plan). The bonus plan provision is recognized for obligations arising from long-term employee benefits and obligations arising from redundancies and short-term and (former) employment contracts. The Private Equity Long-Term Bonus Plan vests over a period of six years. The final payout of the award depends on the multiplier that is used according to the plan. The assessment of the multiplier in the year of the award is based on performance in the past of the underlying private equity portfolio.

Provision for restructuring

This provision was recognized to cover the costs of restructuring related to voluntary departure plans facilitated by the employer and redundancy analogous to the various stages of the change programs within the group. There was an addition in the provision in 2024 of 9.3 million euros (2023: 4.6 million euros). The total restructuring payments in 2024 were lower than initially estimated, resulting in a release of 0.6 million euros (2023: 1.0 million euros).

Other provisions

The other provisions mainly concern a provision of 3.7 million euros recorded for the settlement of an obligation arising from the attended sale of shares in the subsidiaries Campus huisvesting BV. It is expected that this transaction will be settled in 2025.

5 Non-current liabilities

	31-12-2024	31-12-2023
Opening balance	1,021	1,021
Withdrawn	-	-
Repayments	-	-
Total	**1,021**	**1,021**

The entire closing balance of 1.0 million euros has a remaining term to maturity of more than five years (2023: 1.0 million euros). The interest rate is 7.25 percent per year (2023: 7.25 percent per year). No security has been provided. The fair value of the non-current liabilities is 1.7 million euros (2023: 1.7 million euros). The repayment of the non-current liabilities takes place at the end of the term.

6 Current liabilities

	31-12-2024	31-12-2023
Related party liabilities	191,314	116,980
Other personnel-related liabilities	38,282	49,406
Invoices not yet received	41,324	42,336
Vacation pay and vacation days	34,388	32,616
Taxes and social security premiums	41,002	35,570
Rent reduction for office building	18,690	20,186
Amounts invoiced in advance	10,604	20,692
Debt cash collateral related to derivates	8,570	-
Debet balances on bank accounts	8,272	-
Accounts payable	6,614	6,591
Other payables	2,778	3,273
Pension liabilities	1,438	1,551
Corporate income tax	126	234
Other liabilities	1	92
Total	**403,403**	**329,527**

Current liabilities include an amount of 16.7 million euros (2023: 18.2 million euros) falling due after more than one year. Related-party liabilities mainly relate to provided asset management services and settlements with clients. In addition, a rental discount received in advance has been recognized in relation to rented office buildings, which will be released over the term of the contract. Other personnel related liabilities relate to variable remuneration obligations.

Off-balance sheet commitments and assets

At balance sheet date, commitments under current rental agreements in an amount of 219.9 million euros (2023: 233.9 million euros), of which 21.7 million euros was due within one year (2023: 21.3 million euros), 77.3 million euros between one and five year (2023: 74.1 million euros) and 120.9 million euros more than five year (2023: 138.5 million euros). Rental costs of19.6 million euros were recognized in the reporting year (2023: 21.2 million euros).

Commitments in respect of long-term car leases total5.3 million euros (2023: 5.1 miljoen euro), of which 1.9 million euros due within one year of the end of the financial year (2023: 2.1 million euros) and 3.3 million euros between one and five years (2023: 3.0 million euros).There are no commitments due beyond five years. In the reporting year 2.6 million euros of leasing costs inclusive fuel costs were recognized (2023: 2.8 miljoen euro). The leasing commitment is determined exclusive the fuel advance.

Commitments in respect of maintenance and other contracts amount to 85.4 million euros (2023: 87.3 million euros), of which 29.1 million euros (2023: 32.3 million euros) due within one year of the end of the financial year and 56.2 million euros (2023: 55.0 million euros) due at between one and five year. There are no commitments due beyond five year.

At the end of the reporting year the group assumed investment commitments for 1.5 million euros (2023: 8.3 million euros).

Liabilities in respect of derivative contracts to hedge the future transations of foreign subsidiaries have a nominal value at balance sheet date of 190.4 million euros (2023: 165.5 million euros).The fair value of these derivatives at balance sheet date amounted to a 9.1 million euros positive (2023: 1.3 million euros negative). The liabilities have a term of less than one year. The contract conditions include the exchange of collateral to hedge the settlement risk.

APG Groep NV has committed itself to an annual capital contribution of 0.3 million euros to Campus Heerlen Management & Development BV until mid-2031.

Notes to the consolidated income statement

Net turnover

Management fees	Total 2024	Total 2023
Asset management	649,147	669,661
Pension administration	378,417	323,008
Total	**1,027,564**	**992,669**

The management fees relate to the fees received for the performed asset management activities less custody fees and fees for pension administration. The decrease in asset management fees is the result of changed pricing agreements and modified services. The increase in fees for pension management is mainly due to the increase in fixed fee resulting from increased strategic activities, related to the transition to the new pension system.

Other operating income

Other operating income (2024: 6.9 million euros; 2023: 9.8 million euros) includes income that does not arise directly from the execution contracts with pension funds and asset management for third parties.

7 Segmented information on net turnover

Net turnover	Total 2024	Total 2023
Asset management	649,915	670,433
Pension administration	385,162	332,412
Supporting entities of companies	6,877	6,743
APG Group company only	226,993	212,880
Eliminations	-234,441	-219,971
Total	**1,034,506**	**1,002,497**

The segmented information is mainly in accordance with the legal structure of APG Group, whereby there is segmentation into APG Asset Management, APG DWS en Fondsenbedrijf and supporting services.

8 Operating expenses

Costs of outsourced work and other external costs

The costs of outsourced work and other external costs (2024: 228.8 million euros; 2023: 228.6 million euros) include costs of hiring external personnel, audit fees and consultancy fees. The costs have increased in 2024 in particular due to the strategic projects Pension of the Future, Integral Data Quality Plan and Digitalization.

Personnel expenses	Total 2024	Total 2023
Wages and salaries	449,471	439,217
Pension charges	48,915	44,592
Social security	50,253	48,841
Other personnel expenses	53,705	46,771
Total	**602,344**	**579,421**

The personnel costs have increased on one hand due to the collective labor agreement (driven by inflation) and individual salary increases, and on the other hand due to an increase in the number of employees, particulary driven by strategic initiatives of Pension of the Future, Integral Data Quality Plan and Digitalization.

Employee pension plan

APG has a pension plan with Stichting Pensionfonds ABP and with Stichting Personeelspensioenfonds APG. Rights are accrued based on average pay and number of years of service, with conditional indexation. APG Group has no obligation to make additional contributions in the event of shortfalls in these pension funds other than the payment of future contributions.

Number of employees

In 2024 the group employed an average of 3,751 people (2023: 3,565), divided into the following segments.

Staffing level	**2024**	**2023**
Management and supporting units	785	754
APG DWS en Fondsenbedrijf NV	1,745	1,634
APG Asset Management	1,221	1,177
Total	**3,751**	**3,565**

In 2024 an average of 286 worked abroad (2023: 290). These employees are all employed by APG Asset Management.

Remuneration of Supervisory and Executive Board members (in euros)

The remuneration of Supervisory Board and Executive Board members is determined by the General Meeting of Shareholders.

Supervisory Board	Fixed fee	Commission fee	Employer charges and taxes	Total 2024	Total 2023
Peter Bommel	54,540	11,109	-	65,649	48,028
Sarah Russell	65,219	6,060	-	71,279	60,984
Constant Korthout	58,631	9,089	1,556	69,276	18,153
José Meijer	36,360	6,566	871	43,797	41,766
Lineke Sneller[1]	6,067	1,011	-	7,078	-
Dick van Well[2]	36,966	7,921	626	45,513	49,483
Pieter Jongstra[3]				-	15,037
Claudia Zuiderwijk[4]				-	25,034

1 from November 1, 2024
2 until November 14, 2024
3 until April 1, 2023
4 until August 1, 2023

Executive Board	Direct salaries	Compensation for reduction in accrued pension rights	Personal charges	Pension charges	Former executive	Total 2024	Total 2023
Annette Mosman	589,474	78,575	15,912	25,276		709,237	682,075
Ronald Wuijster	742,801	105,274	15,912	26,499		890,486	944,525
Francine Roelofsen - van Dierendonck	365,533	45,730	11,934	18,353	302,221	743,771	567,070
Maarten Blacquière	464,422	56,800	15,912	24,279		561,413	539,761

The column 'direct salaries' contains the fixed annual salary, the vacation allowance, and the year-end payments. The column 'compensation for reduction in pension accrual' stems from a generic scheme at APG Group, whereby the reduction in the employer pension contribution due to the capping of accrued pension rights (2024 : 137,000 euros and for 2023: 128,810 euros) is paid to the employee. The column 'personnel charges' contains the employer's charges; the column 'pension charges' contains the charges for pension contributions.

The above table does not include compensation relating to mobility and vitality (2024: 81,740 euros and for 2023: 87,100 euros). The mobility and vitality allowances are both part of the Collective Labor Agreement, whereby with regard to mobility a choice can be made between a reimbursement or a lease car and the vitality allowance contributes to an active and healthy lifestyle.

As of October 1, 2024, Francine van Dierendonck has resigned as statutory director. Her employment contract will be terminated with due observance of the contractually agreed notice period of six months. During the six-month notice period (from October 1, 2024, to March 31, 2025), she will receive her usual remuneration. This amount is reported in the table under the former executive.

With effect from 1 January 2023, the leave scheme for Executive Board members has been changed. No days of leave are paid out at the end of the employment contract. Vacation days are taken in consultation with the chairman of the Executive Board and are no langer recorded. Because Ronals Wuijster, upon his reappointment for 4 years in 2022, has received additional days of leave as part of his salary increase, he will be compensated for this new arrangement. This resulted into a one-off remuneration of 80.000 euros, given that the value of his extra leave days is 20.000 euros per year.

All remuneration was unchanged except for the increase as per the collective labor agreement (CAO) which amounted to 3.75 percent for all APG Group employees as of January 1, 2024 and 1.0 procent as per September 1, 2024. There are no early retirement plans for members of the Executive Board.

No loans, advances, or guarantees have been provided to (former) members of the Executive or Supervisory Board.

Amortization and depreciation of non-current assets	**Total 2024**	**Total 2023**
Amortization of intangible assets	14,267	19,140
Depreciation of property, plant and equipment	15,116	13,045
Total	**29,383**	**32,185**

The depreciation of intangible assets has decreased compared to 2023, because the client contracts were fully written off by the end of February 2023. The depreciation of tangible fixed assets is increasing to investments in inventory in Heerlen and hardware.

Other operating expenses	**Total 2024**	**Total 2023**
Accommodation costs	34,290	33,948
Automation costs	116,713	110,184
Office costs	7,436	6,939
Non deductible VAT internal costs	13,636	10,488
Other	5,710	3,487
Total	**177,785**	**165,046**

The accommodation costs item includes an amount of -0.2 million euros for the provision of the onerous contract for the old office building (2023: -0.9 million euros). Because the last floors are rented out for longer than expected, the costs for APG will be lower and therefore a release of the provision formed.

The automation costs have increased due to an increase in the number of FTEs and due to the strategic initiatives. The category other includes the more general costs that are not attributable to the others categories, including insurance costs.

9 Interest and similar income

The financial income (2024: 18.6 million euros; 2023: 15.7 million euros) mainly concerns interest received on bank balances and outstanding loans. The interest rate over the entire year 2024 was significantly higher than in 2023, what resulted in a higher income in 2024.

10 Interest and similar expenses

The financial expenses (2024: 0.4 million euros; 2023: 0.6 million euros) mainly concern payment fees. There are no interest charges and similar expenses recognized that relate to related parties.

11 Changes in value of receivables belonging to fixed assets and of investments

The value adjustments of 3.2 million euros (2023: 1.8 million euros) relate to unrealized value changes in other securities.

12 Taxes on result

With a tax charge of 2.9 million euros for 2024 (2023: 3.0 million euros) the effective tax rate over 2024 was 16.3 percent, compared to a nominal rate applicable in the Netherlands of 25.8 percent. The lower effective tax rate is mainly caused by deviating tax rates in the foreign countries in which APG operates. In the foreign countries in which APG operates, APG pays taxes according to the tax rates applicable there, which are lower than the current tax rate in the Netherlands. Another effect that influences the effective tax rate in 2024 is a prudent adjustment of the tax result in the Netherlands to comply with transfer pricing rules. This leads to a lower tax benefit on the loss in the Netherlands and thus a higher effective tax rate .
The following reconciliation between the applicable and effective tax rate can be given:

	Total 2024	Total 2023
Result before taxes	17,646	14,066
Tax charges based on the Dutch tax rate	-4,553	-3,629
Tax effect from:		
- Different applicable tax rates in foreign countries	1,763	1,306
- Non-deductible expenses en non-taxable income	-62	-674
Adjustment prior years	-31	-8
Revaluation deferred tax assets due to change in tax rate	-	-
Total	**-2,883**	**-3,005**
Effective tax rate	**16.3%**	**21.4%**

	Netherlands	United States of America	Hong Kong	Singapore	Total 2024	Total 2023
Result before taxes	-9,478	16,823	9,827	474	**17,646**	**14,066**
Tax charges	2,232	-3,600	-1,435	-81	**-2,884**	**-3,005**
Effective tax rate	23.6%	21.4%	14.6%	17.1%	**16.3%**	**21.4%**

Share of profit/(loss) of participating interests

The result from participating interests is the result from investees not included in the consolidation

Notes to the consolidates cash flow statement

The statement of cash flows has been prepared using the indirect method. For a description of the composition of the cash, please refer to the notes to the consolidated balance sheet.

Interest on cash is included in the interest paid or received. These items are considered operational activities, and are therefore recognized as such.

The investments pertain to investments in furniture and fittings, IT equipment, software and installation in buildings.

The cash flow from financing activities includes the dividend payment in the course of the financial year and repayments of loans granted.

Events after the reporting period

None.

Other notes

Related parties transactions

Transactions with related parties are conducted on market terms and conditions.

Stichting Pensioenfonds ABP, APG Groep NV, APG DWS en Fondsenbedrijf NV, APG Asset Management NV, APG Trading BV, APG Order Execution BV as well as Entis Holding BV and Entis BV together form a fiscal unity for sales tax purposes. This means that the company is jointly and severally liable for the sales tax liabilities of the tax entity as a whole. As for the income tax APG Group forms a fiscal unity with APG DWS en Fondsenbedrijf NV and APG Asset Management NV and APG Trading BV. This means that these legal entities are jointly and severally liable for each other's tax liabilities. The corporate income tax of the fiscal unity is allocated to each company belonging to the fiscal unity on the basis of a company's share in the total income tax. Transactions between our client ABP and APG Groep NV must comply with the tax transfer pricing agreements.

Independent auditor's fee

KPMG Accountants N.V. has been the independent auditor of APG Groep NV and its subsidiaries as of the financial year 2016. The auditor’s fees are recognized in the costs of 'Outsourced work and other external costs'.

Auditor´s fee	**Total 2024**	**Total 2023**
Audit of the financial statements	1,011	926
Other audit engagements (including work in relation to ISAE 3402)	3,405	3,081
Tax advisory services	-	-
Other non-audit services	484	192
Total	**4,900**	**4,199**

The auditor’s fees for the audit of the financial statements are the costs that are attributable to the financial year. The other audit engagements include 1.8 million euros (2023: 1.8 million euros) for audit-related work on reports to clients of APG Groep NV in the context of the services provided by APG Groep NV. The fees increased in by 0.7 million primarily due to indextation, some changes in scope and other non-audit services perfomed by KMPG. The other non-audit services refer to compensation for agreed specific tasks related to data quality for APG's clients in preparation for the transition to the new pension system.

Parent company financial statements

Parent company balance sheet at December 31, 2024 (before appropriation of profit)

In thousands of euros

	Notes	31-12-2024	31-12-2023
Assets			
Non-Current Assets			
Intangible assets	1	855	1,618
Property, plant and equipment	2	65,161	63,784
Financial non-current assets	3	325,956	355,328
		391,972	**420,730**
Current assets	4		
Receivables		58,624	65,178
Cash & cash equivalents		112,392	92,144
		171,016	**157,322**
Total assets		**562,988**	**578,052**
Liabilities and equity			
Equity	5		
Paid-up and called-up share capital		352,649	352,649
Share premium		109,690	109,690
Legal reserves		6,859	4,474
Other reserves		5,962	-
Undistributed result for the financial year		14,302	10,262
		489,462	**477,075**
Provisions	6	**10,547**	**11,339**
Non-current liabilities	7	**1,021**	**1,021**
Current liabilities	8	**61,958**	**88,617**
Total liabilities and equity		**562,988**	**578,052**

Parent company profit and loss account for 2024

In thousands of euros

	Notes	2024	2023
Share of profit/(loss) of participating interests after tax		10,546	8,318
Other results after tax		3,756	1,944
Net result		**14,302**	**10,262**

Basis of measurement and determination of results

The company financial statements have been drawn up in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the authoritative statements from the Annual Reporting Guidelines published by the Dutch Accounting Standards Board. The accounting policies for measurement and for the determination of the result for the company financial statements and the consolidated financial statements are the same, with the exception that equity interests in group companies are valued in accordance with the equity accounting method on the basis of net asset value.

For the accounting policies for the measurement of assets and liabilities and for the determination of the result, please see the basis of measurement and determination of results to the consolidated balance sheet and profit and loss account.

Where items from the company balance sheet and company profit and loss account are not further explained below, please see the notes to the consolidated balance sheet and profit and loss account.

In the separate financial statements, financial instruments are presented on the basis of their legal form.

APG is the head of the fiscal unity. Corporate income tax is included for that part that APG would owe as an independent taxpayer, taking into account the allocation of the benefits of the fiscal unity. The settlement within the fiscal unity between the company and its subsidiaries takes place via the current account relationships.

Notes to the parent company financial statements

1 Intangible fixed assets

The intangible fixed assets relate to purchased software.

	Software	Total 2024	Total 2023
Opening balance	1,618	1,618	2,476
Investments	38	38	302
Reclass investments	-	-	-
Divestments	-	-	-174
Amortization	-801	-801	-986
Closing balance	**855**	**855**	**1,618**
Cumulative acquisition value	14,825	14,825	14,787
Cumulative amortization and impairment	-13,970	-13,970	-13,169
Carrying amount	**855**	**855**	**1,618**
Amortization percentage	20-25%		

2 Property, plant and equipment

Property, plant and equipment comprises the furniture and fittings and IT equipment and installations in buildings.
Movement in these items was as follows.

	Furniture and fittings	ICT	Installations in buidlings	Total 2024	Total 2023
Opening balance	41,643	17,575	4,566	63,784	52,151
Investments	6,672	5,412	1,492	13,576	22,211
Reclasses	-	-	-	-	-
Divestments	-	-	-	-	-
Amortization	-4,971	-6,946	-282	-12,199	-10,578
Changes in value	-	-	-	-	-
Closing balance	**43,344**	**16,041**	**5,776**	**65,161**	**63,784**
Cumulative acquisition value	59,676	58,119	6,117	123,912	110,336
Cumulative amortization and impairment	-16,332	-42,078	-341	-58,751	-46,552
Carrying amount	**43,344**	**16,041**	**5,776**	**65,161**	**63,784**
Amortization percentage	10-20%	20-25%	5-10%		

The investments in furniture and fittings mainly relate to renovations of the rental premises in Heerlen, as well as foreign offices. The investments in installations relate to technical installations in the office in Heerlen.

3 Financial non-current assets

Financial non-current assets concern active deferred taxation, loans granted to related parties and group companies, other loans and participations. Movement in these items was as follows.

	Deferred taxes	Related party loans	Equity interests	Total 2024	Total 2023
Opening balance	1,924	1,949	351,455	355,328	442,512
Acquisitions and advances / allocations	-	275	300	575	47,746
Sales and repayments	-	-180	-	-180	-807
Share of profit/(loss) of associates	-	-	11,703	11,703	8,295
Dividend distributed	-	-	-44,900	-44,900	-139,076
Impairments	-	-471	-686	-1,157	-77
Change deferred taxes	2,201	-	-	2,201	-2,154
Translation differences	-	-	2,386	2,386	-1,111
Closing balance	**4,125**	**1,573**	**320,258**	**325,956**	**355,328**

The closing balance includes a deferred tax asset of 4.1 million euros (2023: 1.9 million euros). The participations are not subject to dominant control, but significant influence and are therefore valued at net asset value. In addition, in 2024 there was a capital contribution of 0 million euros to the subsidiary APG DWS and Fondsenbedrijf and a capital contribution of 0.3 million euros (2023: 0.3 million euros) to the participation Campus Heerlen Management & Development BV.

APG has decided in Januari 2023 to search for a thirth party that wants to take over part of the interest in Entis, under which the majority interest in Entis will decrease to a minority interest. The consolidated subsidiary Entis belangs to the supporting companies segment. At the moment, the process is still ongoing, but alternative scenarios for Entis are also being investigated.

4 Current assets

Receivables	31-12-2024	31-12-2023
Prepaid expenses	30,958	31,359
Income tax	4,872	23,150
Receivables from group companies	11,538	3,259
Debtors	1,834	2,348
Receivables cash collateral derivatives	-	1,991
Other receivables and accrued income	1,702	1,660
Taxes and social security contributions	-	1,131
Related party receivables	7,610	146
Amounts to be invoiced	110	134
Total	**58,624**	**65,178**

The receivables and prepayments predominantly consist of receivables on group companies and prepaid amounts. In the receivables an amount of 5.5 million euros has a term of more than one year (2023: 4.8 million euros). No security has been provided and no interest was received on the receivables.

Cash & cash equivalents	31-12-2024	31-12-2023
Bank balances	87,392	92,144
Deposits	25,000	-
Total	**112,392**	**92,144**

The cash & cash equivalents are at free disposal of the company. No further securities or additional conditions have been contracted. Given the nature of the deposits (short-term), the interest rate risk is very low. The deposits are placed with creditworthy financial institutions with a minimum A-rating according to rating agencies Fitch and Moody's and have a duration of three months. For this reason the credit risk is limited.

5 Equity

	31-12-2024	31-12-2023
Paid-up and called-up share capital	352,649	352,649
Share premium	109,690	109,690
Legal reserves	6,859	4,474
Other reserves	5,962	-
Undistributed result	14,302	10,262
Total group equity	**489,462**	**477,075**

Movements in shareholders' equity are shown in the following overview:

	Paid up and called-up share capital	Share premium	Legal reserves	Other reserves	Undistributed result	Total 2024
Opening balance	352,649	109,690	4,474	10,262	-	477,075
Movements resulting from appropriation of profit	-	-	-	-	-	-
Movement in legal reserves	-	-	2,385	-	-	2,385
Dividend paid	-	-	-	-4,300	-	-4,300
Result for the financial year	-	-	-	-	14,302	14,302
Other changes	-	-	-	-	-	-
Closing balance	**352,649**	**109,690**	**6,859**	**5,962**	**14,302**	**489,462**

Paid-up and called-up share capital

In 2020, a reduction in the issued capital took place, the nominal value has been reduced from 1.00 euro per share to 0.50 euro per share and the paidup and called-up capital has been reduced by 352.6 million euros in favor of the share premium. The deposited and called-up capital, after reduction of the nominal value, concerns the issued capital at incorporation, consisting of 650,000,000 ordinary shares with a nominal value of 0.50 euro and 55,297,170 ordinary shares of 0.50 euro were issued in 2011 upon the acquisition of the minority interests in APG DWS en Fondsenbedrijf NV (formerly APG Algemene Pensioen Groep NV) and Loyalis NV.

Share premium

In previous years, the share premium paid at the time of incorporation as well as share premium as a result of capital contributions and withdrawals, contributions from a subsidiary at fair value and share premium from the conversion of loans from shareholders into equity in the context of the recapitalization of APG Group were recognized as share premiums.

Legal and other reserves

Legal and other reserves include direct changes in equity associated with the development of the legal reserve for translation differences of 6.9 million euros (2023: 4.5 million euros). In this legal reserve translation differences are recognized that are the result of the translation of the functional currency of business operations abroad to the presentation currency of the parent company. On sale of a participating interest, the cumulative translation differences relating to this participating interest will be recognized in the profit & loss account, and presented therein as part of the result on the sale.

Undistributed result for the financial year

This comprises the result for the year under review.

Share premium, other reserves and the undistributed result for the financial year can, in principle, be freely disposed of. The stipulations from regulators for group companies can result in restrictions on the extent to which the company's equity capital or APG Group's equity capital may be distributed. These stipulations may require the equity capital of group companies to be at a certain level. APG Group takes the stipulations from regulators into account in determining the potential dividend payment.

The 2024 annual accounts have been adopted in the General Meeting held on March 31, 2025. The General Meeting has determined the appropriation of the result for the 2024 financial year in accordance with the proposal of the board.

Proposed appropriation of profit

In accordance with the policy adopted, a proposal will be submitted to the General Meeting of Shareholders to distribute a dividend in the amount of 32.0 million euros: 14.3 million euros from the net result and 17.7 million euros from the unrestricted reserves.

6 Provisions

	Personnel-related provisions	Provision for restructuring	Other provisions	Total 2024	Total 2023
Opening balance	1,808	5,881	3,650	11,339	16,896
Additions	493	1,136	293	1,922	1,397
Withdrawals	-258	-2,120	-	-2,378	-5,657
Release	-88	-273	-239	-600	-1,789
Discounting effect	-	264	-	264	492
Closing balance	**1,955**	**4,888**	**3,704**	**10,547**	**11,339**

Of the total amount, 1.1 million euros (2023: 1.1 million euros) is expected to have a term of more than five years. 6.5 million euros is expected to be settled in 2024 (2023: 6.2 million euros).

7 Non-current liabilities

	31-12-2024	31-12-2023
Opening balance	1,021	1,021
Advances	-	-
Repayments	-	-
Total	**1,021**	**1,021**

Of the closing balance 1.0 million euros has a longer term to maturity than five years (2023: 1.0 million euros). The interest rate is 7.25 percent per year (2023: 7.25 percent per year). No securities have been provided. The fair value of the long-term liabilities to third parties amounts to 1.7 million euros (2023: 1.7 million euros).

8 Current liabilities

	31-12-2024	31-12-2023
Liabilities to group companies	851	39,338
Rent reduction for office building	10,805	11,721
Invoices not yet received	15,059	11,678
Debt cash collateral related to derivates	8,571	-
Amounts invoiced in advance	8,545	8,709
Taxes and social security premiums	6,486	8,161
Holiday pay and rights	7,704	7,390
Other personnel-related liabilities	222	380
Pension liabilities	359	368
Debet balances on bank accounts	854	-
Accounts payable	1,799	237
Related party liabilities	36	0
Other liabilities	667	635
Total	**61,958**	**88,617**

With regard to the debts to group companies, there are no interest obligations nor securities. 10.8 million euros of the current liabilities has a term of more than 1 year (2023: 10.8 million euros).

Off-balance sheet commitments and assets

At balance sheet date, liabilities under current rental agreements in an amount of 172.7 million euros were outstanding (2023: 182.5 million euros), of which 12.7 million euros was due within one year (2023: 12.9 million euros), 45.1 million euros at between one and five year (2023: 43.8 million euros) and 114.9 million euros at more than five year (2023: 125.8 million euros). Rental costs of 12.6 million euros were recognized in the reporting year (2023: 13.5 million euros).

Liabilities in respect of long-term car leases total 5.1 million euros (2023: 4.9 million euros), of which 1.9 million euros due within one year of the end of the financial year (2023: 2.0 million euros) and 3.2 million euros at between one and five year (2023: 2.9 million euros). There are no liabilities due beyond five year. In the reporting year 2.5 million euros of leasing costs inclusive fuel costs were recognized (2023: 2.7 million euros). The leasing liability is detemined exclusive the fuel advance.

Liabilities in respect of maintenance and other contracts amounted to 46.0 million euros (2023: 51.0 million euros) of which 16.0 million euros (2023: 19.5 million euros) due within one year of the end of the financial year and 30.0 million euros (2023: 31.5 million euros) due at between one and five year. There are no liabilities due beyond five year.

At the end of the reporting year the group assumed investment commitments for 1.5 million euros (2023: 8.3 million euros).

Liabilities in respect of derivatives contracted to hedge the financing of foreign subsidiaries amounted at balance sheet date to 190.4 million euros (2023: 165.5 million euros). The fair value of these derivatives at balance sheet date amounted to 9.1 million euros positive (2023: 1.3 million euros negative). The liabilities have a term of less than one year. The contract conditions include the exchange of collateral to hedge the settlement risk. The contract terms include the exchange of collateral to cover the settlement risk. Directly related agreements between APG Groep NV and APS Asset Management NV have been formalized by means of back-toback agreements.

APG Groep NV has committed itself to an annual capital contribution of 0.3 million euros to comply with Campus Heerlen Management & Development BV until mid-2031.

Related party transactions

APG Group passes on costs to its subsidiaries APG Asset Management and APG DWS en Fondsenbedrijf. No profit mark-up is made on this allocation of costs, since these entities belong to the same tax group. The total amount passed on by APG Group in the year was 223.7 million euros.

Liability statements

The company has issued liability statements for a number of subsidiaries included in the consolidation, as referred to in Articles 2:403 BW and 2:408 BW of the Dutch Civil Code The liability statements concern APG DWS en Fondsenbedrijf NV.

Liability of a tax group

There are tax groups in APG Group, specifically for income tax and sales tax. Within a tax group, the individual companies bear joint and several liability for each other's tax liabilities. Taxes are attributed to each company according to each company’s share in the total tax as if the companies were independently liable for the tax. This means that each subsidiary will reimburse the parent company for its share in the tax owed in proportion to each party's taxable profit before the application of the loss set-off rules as stipulated in the Corporation Tax Act.

Number of employees

In 2023 APG Groep NV employed an average of 785 people (2023: 754), all in the Netherlands.

Share in the result of participating companies after tax

This concerns the share of the company in the results of its participations, of which an amount of 11.2 million euros (2023: 8.9 million euros) concerns group companies.

Board remuneration

For a description of the remuneration of Executive Board members, please refer to the consolidated balance sheet.

List of equity interests

APG Groep NV has the following equity interests:

Consolidated equity interests		
APG DWS en Fondsenbedrijf NV	100%	Heerlen
APG Asset Management NV	100%	Amsterdam
APG Asset Management US Inc	100%	Delaware
APG Investments Asia Ltd	100%	Hong Kong
APG Business Information Consultancy (Shanghai) Co Ltd	100%	Shanghai
APG Asset Management (Singapore) Pte	100%	Singapore
APG Trading BV	100%	Amsterdam
APG Infrastructure Asset Owner I GP BV	100%	Amsterdam
APG Infrastructure Asset Owner II GP BV	100%	Amsterdam
APG Order Execution BV	100%	Amsterdam
Entis Holding BV	76%	Amsterdam
Entis BV	76%	Utrecht
Non-consolidated equity interests		
Campus Heerlen Huisvesting BV	50%	Maastricht
Campus Heerlen Management & Development BV	25%	Maastricht
Hyfen BV	39.10%	Amsterdam
Design Authority BV	25%	Amsterdam

Amsterdam/ Heerlen, March 11, 2025

Executive Board

Annette Mosman, chair

Ronald Wuijster

Maarten Blacquière

Supervisory Board

Peter Bommel, chair

Sarah Russell, vice-chair

Constant Korthout

José Meijer

Lineke Sneller

Other information

2024 in the picture: Life after retirement.
Several cruise ships are docked along the Waalkade embankment. River cruises are very popular, especially among older people.

Profit appropriation under the Articles of Association

The profit is appropriated in accordance with Article 36 of the APG Articles of Association, which stipulates that APG Groep NV can only distribute dividends to the extent that its shareholders' equity exceeds the amount of the paid-up and called-up part of the issued share capital and the reserves hat must be maintained by law.

Scope and degree of assurance by the auditor

APG has asked its external auditor, KPMG, to audit or review the external disclosures. The degree of assurance that applies to the reporting is presented below.

- KPMG has audited the consolidated financial statements from the 2024 annual report. On March 11, 2025, KPMG issued an unqualified audit opinion on the consolidated and company financial statements. The audit opinion is included in Chapter 7, "Other details."
- KPMG's audit also specifically looked at certain non-financial information. On March 11, 2025, KPMG issued a declaration providing a limited degree of assurance for this non-financial information. This assurance report is included below.

KPMG

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of APG Groep N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of APG Groep N.V. as at 31 December 2024 and of its result for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2024 of APG Groep N.V. ('APG' or 'the Company') based in Heerlen.

The financial statements comprise:

1 the consolidated and company balance sheet as at 31 December 2024;
2 the consolidated and company profit and loss account for 2024;
3 the consolidated cashflow statement 2024; and
4 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of APG Groep N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 10 million
- 1% of revenues from management fees

Group audit

- Performed substantive procedures for 97% of total assets
- Performed substantive procedures for 99% of revenue

Risk of material misstatements related to Fraud, NOCLAR and Going concern

- Fraud risks: presumed risk of management override of controls identified and further described in the section ‘Audit response to the risk of fraud and non-compliance with laws and regulations’.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR identified.
- Going concern risks: no going concern risks identified.

Key audit matters

- Accurate recognition of revenue from management fees.
- Reliability and continuity of the electronic data processing.
- Preparation for the transition to the new pension system.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 10 million (2023: EUR 9 million). The materiality is determined with reference to management fees (1%). We consider management fees as the most appropriate benchmark, given the nature of the company's activities (pension administration, asset management and other advisory services) and because they are a stable indicator of the company's size. We also consider deviations and/or potential deviations that we believe are materially significant for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 500 thousand would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

APG Groep N.V. is at the head of a group of components (hereafter “Group”). The financial information of this group is included in the financial statements of APG Groep N.V.

This year, we applied the revised group auditing standard in our audit of the financial statements. The revised standard emphasizes the role and responsibilities of the group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the Group. As a result, we determine coverage differently and comparisons to prior period coverage figures are not meaningful.

We performed risk assessment procedures throughout our audit to determine which of the Group’s components are likely to include risks of material misstatement to the Group financial statements. To appropriately respond to those assessed risks, we planned and performed further audit procedures, either at component level or centrally. We identified three components associated with a risk of material misstatement. For one out of these three components we involved component auditors. We as group auditor audited the remaining components. We set component performance materiality levels considering the component’s size and risk profile.

We have performed substantive procedures for 97% of Group revenue and 99% of Group total assets. At group level, we assessed the aggregation risk in the remaining financial information and concluded that there is less than reasonable possibility of a material misstatement.

In supervising and directing our component auditors, we:

- Held risk assessment discussions with the component auditors to obtain their input to identify matters relevant to the group audit.
- Issued group audit instructions to component auditors on the scope, nature and timing of their work, and received written communication about the results of the work they performed.
- Held periodic meetings with the component auditor to discuss relevant developments and to understand and evaluate its work.

- Inspected the work performed by the component auditor and evaluated the appropriateness of audit procedures performed and conclusions drawn from the audit evidence obtained, and the relation between communicated findings and work performed. In our inspection we mainly focused on key audit matters.

We consider that the scope of our group audit forms an appropriate basis for our audit opinion. Through performing the procedures mentioned above we obtained sufficient and appropriate audit evidence about the Group's financial information to provide an opinion on the financial statements as a whole.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapter 'Risk Management' of the Executive Board report, the Executive Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing policy, incidents register and APG's procedures for investigating indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, the Audit and Risk Committee of the Supervisory Board, and other relevant functions and departments, such as Group Internal Audit and Group Risk and Compliance. We also considered correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, including testing expenses claimed by employees from two specific departments based on source documents.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Supervisory legislations, including the Financial Supervision Act ('Wet op het financieel toezicht' (Wft)), CRR and the Investment Firm Regulation (IFR)/ Investment Firm Directive (IFD); and
- General Data Protection Regulation (GDPR).

Further, we assessed the presumed fraud risk on revenue recognition as not significant, given APG's limited number of clients and the limited ability to materially influence revenues. This is partly due to the absence of significant estimates in determining revenue recognition and the lack of various service elements in the fees.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, which is also the relevant presumed risk laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates.
- As part of the fraud risk assessment, we performed a data analysis of the journal entries population to determine if high-risk criteria for testing applies and evaluated relevant estimates and judgments for bias by the Company's management, including retrospective reviews of prior years' of management's judgments and assumptions regarding relevant estimates that were included in the financial statements of the previous fiscal year. Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Our evaluation of the procedures performed regarding fraud and non-compliance with laws and regulations did not result in a key audit matter.

Our audit procedures did not provide any indications and/or other reasonable suspicions of fraud and/or non-compliance with laws and regulations that are materially significant for our audit.

Audit response to going concern

As explained on page 87 and 88 of the Executive Board's report, the Executive Board has performed its going concern assessment and has not identified any going concern risks. To assess the Executive Board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Executive Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks; and
- analyzed the budgeted operating results and related cash flows compared to the previous fiscal year, industry developments, and our knowledge gained from the audit.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Accurate recognition of revenue from management fees

Description

APG receives management fees for its pension administration, asset management and other advisory services provided to its clients. The management fees amount to EUR 1,028 million for the financial year 2024 (2023: EUR 993 million) and is the largest caption in the consolidated financial statements of APG Groep N.V. Due to the size of the management fees, we determined that the accurate recognition of the management fees is a key audit matter in our audit.

Our response

Among other things, we have performed the following procedures:

- in relation to the fixed management fees, we reconciled the recorded management fees with the underlying contracts based on specific item testing;
- in relation to the variable management fees, which mainly relate to the asset management services, we recalculated the recorded management fees based on the contractual agreements and other source documents. The variable management fees are partly based on the assets under management. We reconciled the assets under management with the investment administration of APG. For the other variable management fees, we reconciled these management fees with underlying source documents to verify the accuracy of the price and services rendered based on specific item testing;
- we have reconciled a part of the fixed and variable management fees to the receipts on the underlying bank statements; and
- we determined the appropriateness of disclosures relating to management fees in the financial statements.

Our observation

Based on the procedures performed, we determined that the management fees are accurately recognized and disclosed in the financial statements of APG

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Reliability and continuity of the electronic data processing

Description

Providing services to pension funds greatly relies on electronic data processing. The core activities of APG are, by nature, largely dependent on the reliable and continuing operating of the IT infrastructure and the protection of data of pension funds and their participants. This also includes internal controls related to cybersecurity. The reliability and continuity of the electronic data processing is therefore a key audit matter in our audit.

Our response

We evaluated the reliability and continuity of the electronic data processing as part of our financial statement audit. As such, we have included IT auditors in our audit team. Among other things, we have performed the following procedures:

- evaluated the controls around changes to the IT infrastructure and applications (change management);
- evaluated the controls around logical access to systems and key data;
- inspected the outcome of and controls performed by APG itself, mainly aimed at the IT general controls (including cyber security) and IT application controls and evaluated the impact on our audit;
- taken note of the results of the investigation explained by APG on page 65 (carried out by an external research agency at the request of APG) into APG's sensitivity to a potential cyber-attack and evaluated the (planned) actions initiated by APG as a result of the investigation, and determined the impact on our audit approach; and
- inspected the service organization reports (SOC) that APG prepares for its clients.

Our observation

Based on our procedures performed as part of the financial statements audit of APG Groep N.V., we have not identified significant findings related to the reliability and continuity of the IT infrastructure and the security of the data of pension funds and the participants. In our management letter we reported a number of findings aimed at further strengthening the IT environment and in the auditor’s report to those charged with governance, we have included findings from the substantive procedures performed.

Preparation for the transition to the new pension system

Description

The 'Wet toekomst pensioenen' (Wtp) entered into force on 1 July 2023. The transition has a major impact on APG because of the inherent risks associated with such an impactful transition, its impact on APG's (change) capacity and the significant costs associated with it. Due to the relevance of this matter and its potential effect on the financial statements as a whole, we paid specific attention to it during our audit.

Our response

Among other things, we have performed the following procedures:

- inspected the progress reports of the project to the Executive Board and the Supervisory Board;
- evaluated the impact of the 'Pensioen van Straks' project on APG's current and future internal control environment;
- verified the accurate accounting for the (additional) management fees and the accuracy of the reported costs related to the 'Pension of the Future' program as part of our regular audit procedures regarding management fees and costs; and
- evaluated the disclosures regarding the preparation for the transition to the new pension system by APG as included in the Executive Board's report and, where relevant, in the financial statements.

Our observation

The results of the procedures performed did not lead to significant findings and we consider the disclosures regarding the preparation for the transition to the new pension system as included in the Executive Board's report and the financial statements to be appropriate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the Executive Board report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

KPMG

The Executive Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect Executive Board, under supervision of the Supervisory Board is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the APG Groep N.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Amstelveen, 11 March 2025

KPMG Accountants N.V.

N.C. Paping RA

Appendix:
Description of our responsibilities for the audit of the financial statements

KPMG

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Limited assurance report of the independent auditor on specific sustainability information

To: the Supervisory Board of APG Groep N.V.

Our conclusion

We have performed a limited assurance engagement on specific sustainability information included in the chapter Sustainability statement. The specific sustainability information in scope of our assurance procedures is defined in the "Reference table" on page 157, 158 and 159 (hereafter 'the specific sustainability information') of the 2024 annual report of APG Groep N.V. ('APG') based in Heerlen.

Based on the procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the specific sustainability information in the accompanying Sustainability statement does not present, in all material respects:

the policy with regard to sustainability matters; and

the business operations, events and achievements in that area in 2024

in accordance with the applicable criteria as included in the section 'Criteria'.

Basis for our conclusion

We performed our limited assurance engagement on the specific sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting). Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the specific sustainability information'.

We are independent of APG Groep N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

KPMG

Criteria

The criteria applied for the preparation of the specific sustainability information are APG's own criteria. The applied criteria are described in the section 'Basis of reporting and the chosen criteria' on page 97 and 98 of the Sustainability statement.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the specific sustainability information needs to be read and understood together with the criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the specific sustainability information. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

We agreed with the supervisory board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Limitations to the scope of our assurance engagement

The specific sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of prospective information.

The references to external sources or websites in the specific sustainability information are not part of the specific sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

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Corresponding information not assured

The sustainability information for the period 2023 has not been part of an assurance engagement. Consequently, the corresponding sustainability information with respect to 2023 and thereto related disclosures as included in the 2024 annual report is not assured.

Our conclusion is not modified in respect to this matter.

Responsibilities of the Executive Board and the Supervisory Board

The Executive Board is responsible for the preparation of the specific sustainability information in accordance with the criteria as included in the section ‘Criteria’, including the identification of stakeholders and the definition of material matters.

The Executive Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Executive Board regarding the scope of the specific sustainability information and the reporting policy are summarized in the chapter ‘Basis of reporting and the chosen criteria’ on page 97 and 98 of the Sustainability statement.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the specific sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process of APG.

Our responsibilities for the assurance engagement on the specific sustainability information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the specific sustainability information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

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De werkzaamheden variëren in aard en timing van, en zijn ook geringer in omvang, dan die bij een assurance-opdracht gericht op het verkrijgen van een redelijke mate van zekerheid. De mate van zekerheid die wordt verkregen bij een assurance-opdracht met een beperkte mate van zekerheid is daarom ook aanzienlijk lager dan de zekerheid die wordt verkregen bij een assurance-opdracht met een redelijke mate van zekerheid.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our assurance engagement included among others:

- performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of APG;
- evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the specific sustainability information;
- obtaining through inquiries a general an understanding of the internal control environment, the reporting processes, the information systems and APG's risk assessment process relevant to the preparation of the specific sustainability information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls;
- identifying areas of the specific sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the specific sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - obtaining inquiries from management (and/or relevant staff) responsible for the sustainability strategy, policy and results;
  - obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the specific sustainability information;
  - reviewing the suitability of assumptions and sources from third parties used for the calculation underlying the specific sustainability information;

- obtaining assurance evidence that the specific sustainability information reconciles with underlying records of APG;

— reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the specific sustainability information;

— considering the overall presentation and balanced content of the specific sustainability information;

— considering whether the specific sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amstelveen, 11 March 2025

KPMG Accountants N.V.

N.C. Paping RA

About this report

In this annual report, the Executive Board of APG Groep NV renders account for the financial and non-financial performance during the 2024 financial year, which runs from January 1 until December 31. The annual report has been prepared in accordance with Dutch reporting regulations.

The Executive Board renders account for the core activities carried out by APG, both in the Netherlands and through its foreign subsidiaries. APG is based in Heerlen and Amsterdam and has offices in New York, Hong Kong, and Singapore, as well as a satellite branch in Brussels.

The clients (the pension funds) have entrusted their pension administration and communications to us. We also manage the assets for a number of pension funds. In our annual report, we describe our achievements in the reporting year concerned, but more importantly, we explain how we fulfilled our role in society, and how we created value for our stakeholders, that is to say our clients, staff and shareholders, and society as a whole.

Integrated reporting

In 2024, the connectivity model retained a central role in the planning and control cycle in order to bring about structural reporting on the connectivity and interdependence of the aspects that are relevant to our long-term value creation. This model provides the guidelines we need to steer the stakeholder analysis, right up to APG's impact on society. Our insights into our impact on the environment and our society feature prominently in this annual report. We also outline the dilemmas and challenges we are facing.

Annual report guidelines

This annual report is based on the requirements of Part 9 Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting set by the Dutch Foundation for Annual Reporting. The framework of the International Integrated Reporting Council has been implemented in full. The main indicators for measuring added value and making the appropriate adjustments are given in the "About APG" chapter.

The Greenhouse Gas Protocol (GHG Protocol) and the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD) also constitute an important part of our integrated accountability system. Our annual report provides transparency about how we act on the financial industry's best-efforts obligation to implement the Climate Agreement. We endorse the climate goals and want to achieve climate-neutral business operations by 2030. The assets that we manage must therefore be in line with the provisions of the Paris Agreement.

Preparing for CSRD

The CSRD was approved by the European Parliament and European Council in November 2022. The Directive came into force on January 6, 2023. The Member States have 18 months to transpose the Directive into national law. The CSRD has not yet been transposed into Dutch law. In order to comply with the CSRD, organizations must report on the impact that their business activities have on people and planet. The Directive is designed to create greater transparency regarding corporate social responsibility. This will improve the quality and comparability of non-financial information in annual reports.

The European Financial Reporting Advisory Group (EFRAG) has converted the details of the CSRD into sustainability reporting standards, known as European Sustainability Reporting Standards (ESRS). In 2023, we carried out an assessment of the ESRS requirements, including a gap analysis, comparing our existing ESG framework on the basis of the report on non-financial information with the Global Reporting Initiative (GRI).

We are therefore already fully engaged in CSRD and this 2024 annual report includes voluntary sustainability reporting. We see this as an opportunity to raise the level of the business operations, the dialogue about business operations with internal and external stakeholders, the reporting on it, and insight into the results achieved via the relevant KPIs. If the CSRD legislation is adopted and thereby becomes effective for APG, we expect to be able to report in accordance with the CSRD guidelines for the 2025 financial year.

Reporting process

The owner of the annual report within the Executive Board is the Chief Finance & Risk Officer (CFRO). The CFRO has passed the process of compiling the report to the Group Finance Director who has, in turn, formed a steering group representing various APG departments. Meeting once a month, the steering group determines the basic principles, the structure, the synopsis, and the content of the annual report. The report is compiled on the basis of interviews with the Executive Board and various other key figures, as well as on written input and reports. A project team oversees the further preparation of the report.

The information and data is gathered using the regular reporting process at APG. Integrating risk management into the primary processes and the reporting process guarantees the reliability of both the financial and some of the non-financial information. In this way, we ensure that the information included in the report is accurate. Performance indicators for the key strategic topics are determined throughout the business plan cycle and periodically used to steer the course via the performance report. These are discussed during the performance dialogues organized across all tiers of the organization.

The Supervisory Board's Audit and Risk Committee is actively involved in reviewing content for the annual report, which is then submitted to the Executive Board for its approval.

Connectivity matrix

Stakeholders	Strategic context	Strategic goals	Strategic opportunities and risks	Opportunity	Risk	Performance indicators	SDGs
Our clients	▪ Effective control of pension administration ▪ Client and participant-driven organization ▪ Public support for the pension system ▪ Social investment returns ▪ Energy transition, climate change, and loss of biodiversity ▪ Financial investment returns ▪ Responsible and transparent administration costs ▪ Transparency and compliance ▪ Agile organization ▪ Digitalization and artificial intelligence	▪ Maximization of pension value - Leading pension administrator - Robust pension funds - Trusted guide	▪ New pension system	●	●	▪ Average cost per participant (regular services + transition-related costs) ▪ Excess return (5 years) in basis points ▪ Client satisfaction score (CSAT)	 
			▪ Increasing digitalization	●	●		
			▪ Changing service demands	●	●		
			▪ Robustness of administration processes	●	●		
			▪ Increase data quality, privacy, and security	●	●		
			▪ Pace of technological developments		●		
			▪ Client satisfaction	●	●		
			▪ Outsourcing		●		
			▪ Available change capacity	●	●		
Staff	▪ Meaningful employer ▪ Engaged employees	▪ Great place to work	▪ Employee flexibility	●	●	▪ Number of employees ▪ Employee engagement ▪ Sickness absence ▪ Diversity	
			▪ Focus on integrity and behavior		●		
			▪ Personal (ongoing) development	●	●		
			▪ Work in social context	●			
Society	▪ Trust in pension ▪ Contribution to a future-proof system ▪ Collaboration in the pension sector ▪ Responsible investment ▪ Sustainable business operations	▪ Sustainability	▪ Trust in the pension sector		●	▪ Reputation score ▪ Managed assets in Sustainable Development Investments ▪ Carbon footprint of business operations	  
			▪ Increased importance of responsible investment				
			▪ Sustainability initiatives	●	●		
			▪ Sharing knowledge and experience	●			
			▪ Reputation	●	●		
Shareholders	▪ Financially healthy organization	▪ Returns appropriate to a social company	▪ Strong solvency and liquidity			▪ Net profit ▪ Returns on equity	
			▪ Safeguard continuity of administration		●		
			▪ Changing market conditions	●	●		
			▪ Available change capacity		●		

255

Glossary

AI Act: this European act sets rules for the development and introduction of secure and reliable AI systems in the European Union, and protects the fundamental rights of EU citizens. The law also aims to encourage AI innovation in Europe.

AIFMD: the Alternative Investment Fund Managers Directive (AIFMD) is a European Union (EU) directive that applies to alternative investments. The guideline sets standards for marketing relating to acquiring private capital, remuneration policy, monitoring and reporting risks, and general accountability.

Effective control of pension administration: a lack of control on the part of APG can lead to pensions not being paid correctly, damage to APG's reputation, financial losses, and loss of confidence among participants and stakeholders.

Benchmark UN Principles for Responsible Investment: the United Nations supports an international network of investors, who work together to put the six principles for responsible investment into practice. A framework of reference provides information about the consequences of sustainability for investors.

BREEAM certification and LEED certification: methods for certifying a sustainably built environment.

Customer Satisfaction Score (CSAT): a customer satisfaction score that indicates our customers' level of satisfaction with our services. The score is a compound average of various individual CSAT scores from the main customer missions and channels for participants and employers of the ABP, bpfBOUW, and SPW funds.

CO_2eq: CO_2 equivalent is a unit of measurement of the effect of various greenhouse gases on the climate. Different emissions are converted to the equivalent amount of carbon dioxide (CO_2) to compare the effects.

Compliance risk: the risk of material financial losses, damage to APG's reputation, and sanctions imposed by regulators as a result of failing to comply with laws or regulations and/or in response to unethical behavior.

Connectivity matrix: visual showing the connectivity and interdependence of aspects relevant to long-term value creation. The connectivity model helps to steer the path towards value creation.

COSO: management model - developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) - that provides organizations with a uniform and common frame of reference for internal control. It supports management in improving the internal control system.

CSDDD: the Corporate Sustainability Due Diligence Directive is a European directive that focuses on due diligence obligations (duties of care) in the field of sustainability within companies.

CSRD: the Corporate Sustainability Reporting Directive is a European regulation designed to provide greater transparency about corporate social responsibility and improve the quality and comparability of the non-financial information in annual reports.

Digitalization and artificial intelligence: with the right monitoring and control measures, digitalization in general, and artificial intelligence in particular, can help APG to work more efficiently, make better decisions (including on investments), and improve client experiences.

Digital Experience Platform (DEP): platforms for participants and employers of the funds for which APG works.

DMA: the double materiality analysis (DMA) acts as a structured framework for sustainability reporting. This determines material sustainability effects based on impacts, risks and opportunities.

DORA: this European law - Digital Operational Resilience Act (DORA) - regulates what measures financial organizations must take to manage IT risks and thus be more resilient to cyber threats. They must also be able to demonstrate that they have their digital security in order.

DPP: the Digital Product Passport increases transparency about the sustainability of organizations and their products. They can use this to show how sustainably they operate.

Public support for the pension system: broad public support increases the chance of a stable, durable pension system and makes it easier for APG to introduce and communicate changes and innovations. Conversely, a lack of public support can make it more difficult to manage pension administration and make changes in line with changing circumstances because, for example, too much energy is being diverted to giving explanations and dealing with objection procedures.

Energy transition, and climate change and loss of biodiversity: APG can contribute to the energy transition by organizing asset management around sustainable investment. Moreover, the energy transition can affect the value of certain investments. APG can reduce the carbon emissions from its own business operations and from the investments we manage for our clients. A lot of economic sectors rely on variety in plants, animals, and insects. APG can use the assets it manages on behalf of pension fund clients to limit damage to ecosystems and help to protect and restore nature.

ESG: Environmental, Social and Governance. This concept can be used to assess the sustainability and social impact of companies and organizations. ESG principles are rooted in the 17 Sustainable Development Goals (SDGs) established by the United Nations. These 17 SDGs have been converted into 10 ESG principles. On this basis, companies develop an effective ESG policy, which revolves around concrete, measurable actions that contribute to sustainability, social responsibility and good governance.

Excess return (five years) in basis points: the returns over and above the benchmark (outperformance), the results that we achieve measured over an average five-year period. The basis point indicates the smallest of changes and is a hundredth of a percent.

Fiduciary model: model that safeguards the separation of three roles in the investment process; the impartial advice given to our customers, the investment of pension capital, and the management of risks.

Financial investment returns: APG can focus on higher financial returns so that the pension capital and pension benefits for participants are both higher.

Financial risk: the risk of an undesirable event that has an impact on the balance sheet and/or profit and loss account of APG as a result of fluctuations in market variables beyond our control or risks of insured losses.

Governance: the way a company behaves: the way they do their work, who they do it with, and under which conditions.

ICARAP: the Internal Capital Adequacy and Risk Assessment Process involves European guidelines designed to encourage the financial sector to think about capital and liquidity risks in a structured manner, and to measure and control these risks.

ICGN: the International Corporate Governance Network (ICGN) contributes to the development of international corporate governance standards.

IIGCC: the Institutional Investors Group on Climate Change (IIGCC) provides investors with a collaborative platform to encourage government policies, investment practices and corporate behavior that address long-term risks and opportunities related to climate change. IIGCC's mission is to mobilize capital for a low-carbon future.

IROs: Impacts, risks and opportunities. According to the CSRD, impact is a company's impact on people and the environment, risks are the negative impact of sustainability on finances, and opportunities comprise the financial opportunities presented by sustainability challenges.

Capital market investments / alternative investments: capital market investments are readily marketable investments, for which an objective price is almost continuously available. This is not the case for alternative investments.

Client and participant-driven organization: APG can focus on higher participant satisfaction and customer loyalty, leading to more pension fund clients and participants, a higher volume of invested assets, and higher returns for the pension administrator.

LGBTQIA+: lesbian, gay, bisexual, transgender, queer, intersexual, asexual people, and people with other gender identities and gender orientations.

Social investment returns: APG's investment policy can take account of ESG aspects, in order to help provide good pensions in a livable world. For example, by trying to ensure that our investments have a positive impact on issues such as human rights, biodiversity, and climate change.

Maximum pension value: the most income years for later and high-quality services at a competitive price, whereby we set great store by solidarity between generations, sustainability, and an inclusive society.

Employee engagement survey: measures the percentage of positive responses ("strongly agree", "agree") from employees who participated in this survey. For example: "I'm proud to work at APG". Alongside engagement, six other topics are measured: mental and physical health, climate inclusion topics, development opportunities, identification with APG, leadership, support and cooperation, and mental safety.

MiFID: Markets in Financial Instruments Directive. Designed to improve competitiveness on the European financial markets by creating a single European market for investment services and activities.

Net promoter score: an instrument for measuring customer loyalty. The score that we measure for participants is a compound average of various individual NPS scores of the main customer missions for the ABP and bpfBOUW pension funds. The score that we measure for employers is compiled from the scores of the ABP, bpfBOUW, and SPW funds.

NZAM: Net-Zero Asset Managers. Initiative of an international group of asset managers who, in accordance with their fiduciary duty to their clients and beneficiaries, are committed to supporting investments that result in net-zero greenhouse gas emissions by 2050 or earlier.

NZIF: the Net-Zero Investment Framework is a guide for investors to set goals and create related net-zero strategies and transition plans.

Operational risk: the risk of loss caused by external events, failing internal or outsourced processes and IT systems, or inappropriate conduct on the part of employees. Operational risks can have unfortunate consequences for our clients. Managing the risks attached to outsourcing for clients is part of APG's IRM framework.

Pension administration organization: if a pension fund is the head, the pension administration organization is the hands. The pension funds come up with ideas, and the pension administration organization puts their ideas into practice. The administration organization often does this for several pension funds at once. This makes it cheaper and more efficient. According to the definition used by DNB (the Dutch central bank), APG is a pension administration organization, and a pension fund or pension insurer is a pension provider.

Pension administration: all administration and communication services that APG provides to employers and participants as a pension administration organization on behalf of the commissioning pension funds (in accordance with Section 1 of the Pensions Act on pension administrators).

Pension of the Future: project set up by APG to ensure a smooth preparation for the transition to the new pension system.

PLWF: under the umbrella of the Platform Living Wage Financials, financial institutions come together to encourage, support, assess and monitor investee companies regarding their commitment to enabling living wages and incomes for workers in their supply chains.

PRI: Principles for Responsible Investment. Independent, global community of more than 5,000 organizations demonstrating their commitment to responsible investing.

Return on equity: net profit after tax (adjusted for innovation costs as defined in our capital and dividend policy) divided by total equity (at the beginning of the year, after distribution of the previous year's dividend, less intangible fixed assets), expressed as a percentage.

Reputation score: the reputation score provides information about the company's reputation according to the RepTrak reputation survey. The method does not only measure the reputation, but also brand awareness and factors that people looking at APG consider to be important. The report shows the average score for the year.

Risk profile: the risk profile indicates the level of risk the clients, the pension funds, are allowed to take with participants' capital. APG and the client set the risk profile together. The basis of a client's risk profile forms an Asset Liability model. This is a calculation model that assumes assets and obligations, and based on the pension fund's preferences, identifies and lists the required returns and the associated acceptable level of risk.

SDI-AOP: SDIs are solutions that contribute to the UN's Sustainable Development Goals. The SDI-Asset Owner Platform helps investors address these challenges with a standardized taxonomy for sustainable investment.

SFDR: the Sustainable Finance Disclosure Regulation is a regulation regarding sustainability disclosure in the financial sector. The SFDR requires financial market participants to be transparent about the sustainability features and objectives of their financial products.

SIRA: a Systematic Integrity Risk Assessment (SIRA) helps to identify and manage integrity risks step by step. A SIRA is mandatory for financial institutions.

Stakeholder analysis: a survey of the most important stakeholders involved with, and with influence over, our organization.

Strategic risk: the risk that the strategic goals will not be achieved as a result of changes relating to competitive conditions, political decision making, stakeholders, reputation and/or business climate, or the organization's ability to adapt to these changes.

Sustainable Development Goals (SDGs): global goals for sustainable development formulated by the United Nations.

Transparency and compliance: APG is expected to be transparent about its investment policy, the costs it incurs, and the results it records. In addition, APG must comply with all relevant legislation and regulations and promote ethical behavior. We also expect the same behavior from the companies in which we invest on behalf of the funds.

Responsible investment: achieving responsible investment results that not only deliver financial returns but also social returns through a commitment to people, planet, and good governance.

Responsible and transparent administration costs: APG must be able to ensure efficient business operations and cost control, without making concessions regarding the quality of its services. APG must also be transparent about costs, and be able to justify them to participants and other stakeholders.

Reporting risk: the risk that reports contain inaccuracies due to mistakes in the administrative processes or systems.

Value creation model: the effect of the interaction between human capital, the organization, and the customer is referred to as value creation. The value creation model shows the process of creating value as a visual.

Agile organization: the introduction of the amended Pensions Act, which may be preceded or followed by consolidation in the market and a huge volume of legislation and regulations that must also be implemented in the financial sector, may test APG's agility. APG can also invest in the sustainable employability of its staff by continuously encouraging them to develop skills and competencies.

Wtp: this act reforms the Dutch pension system and contains a number of amendments, including to the Pensions Act. The new act is a step towards a future-proof system of pension provision.

Financial Supervision Act (Wft): supervision of financial institutions and the financial system protects consumers and businesses. The Wft describes this supervision, which is carried out by the Dutch central bank and the Dutch Authority for the Financial Markets (AFM).

Addendum

This addendum is added to the annual report after the sign off by the auditor on March 11, 2025. This addendum is not in scope of the audit opinion.

Disclaimer

This annual report contains outlooks and other views on future performance and results, which are based on current expectations and assumptions regarding developments and other factors which affect APG. Future performance and results may differ materially. This disclaimer fully applies to all future-oriented statements included in this report. The original annual report was drafted in Dutch. This document is an English translation of the original. In case of any discrepancies between the English and the Dutch text, the latter will prevail.

The interviews in these publications reflect the opinions of internal and external experts; they do not necessarily reflect the policy or standpoint of APG.

The photos in the annual report are media photos belonging to Dutch News Agency ANP that mark a number of events featured in the Dutch media in 2024.