

Pre Contractual Disclosure for the APG Private Equity Pool 2020-2021¹

September 2023

1) The disclosures in this document solely relate to APG AM's alternative investment funds ('Pools') and is prepared in accordance with art. 10 of the Sustainable Finance Disclosure Regulation (EU/2019/2088).



APG Private Equity Pool 2020-2021

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: APG Private Equity Pool 2020-2021

Legal entity identifier: 49300YJGS402TYNMT29

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics	
Does this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

This product promotes the following environmental and/or social characteristics²:

Corporate Exclusion Policy

The Corporate Exclusion Policy applies to this product.

This product does not invest in the following, based on the exclusion policy:

- Controversial and Nuclear weapons;
- Tobacco

Sustainable Development Investments³

An ambition applies to the product to invest in Sustainable Development Investments (SDIs) and to increase investments in SDIs as part of the total NAV (Net Asset Value) of the mandate. Investing in SDIs is part of the mandate's investment strategy and decision-making process in the sense that the mandate actively seeks investments in SDIs and if an SDI has a similar risk/return profile as an investment without the relevant SDI classification, then the SDI is preferred over the non-SDI investment. Further, the team may seek to lower minimum size requirements in order to invest in an SDI relative to a non-SDI investment. By means of this assessment per investment decision, the ambition is to achieve the highest possible percentage of SDIs as part of the total NAV of the Pool. The exposure to companies which contribute to the UN Sustainable Development Goals (SDGs) is therefore measured for this product.

UNGC Principles

Investments in this product take into account the UN Global Compact Principles (Human Rights, Labor, Environment and Anti-Bribery). APG expects General Partners to take into account the UN Global Compact Principles when making investments, as agreed in legal documentation.

ESG Integration and Transparency

This product promotes ESG integration and reporting by external managers in their investment processes.

ESG Integration

- This product assesses ESG integration by managers through diligence and ongoing engagement with managers. Progress is tracked in our ESG Assessment tool and updated at each new underwriting⁴.

2) For more information about the Corporate Exclusion Policy and the Sustainable Development Investments approach, please see: [Responsible investment, good pension in a sustainable world | APG](#).

3) Please note that Sustainable Development Investments do not constitute sustainable investments as defined by SFDR.

4) Progress tracking via our internal ESG Assessment Tool is carried out for the portion of the portfolio that considers E&S characteristics; the "Other" portion of the portfolio is not scored.

- The ESG assessment scores are comprised of the following aspects:

	ESG Integration at GP & Portfolio Levels	Measuring impact, monitoring & reporting	Best practice responsible investment standards	SDIs	Climate Change	Diversity
Max. Total Points	40	30	15	5	5	5
Good Practice Threshold	26.4	19.1	9.5	2.9	3.3	3.3

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

ESG Transparency

This product requires annual reporting by external managers on ESG integration.

Managers are also encouraged to include ESG Data Convergence Project data as part of their reporting. The ESG Data Convergence Project's objective is to streamline the private investment industry's historically fragmented approach to collecting and reporting ESG data in order to create a critical mass of meaningful, performance-based, comparable ESG data from private companies. This allows General Partners and portfolio companies to benchmark their current position and generate progress toward ESG improvements while enabling greater transparency and more comparable portfolio information for Limited Partners. Reporting categories include: greenhouse gas emissions, renewable energy consumption, board diversity, work-related injuries, net new hires, and employee engagement.

PRI Signatories

This product encourages external managers to become signatories to the UN Principles for Responsible Investing.

Identification of Severe ESG Incidents

This product uses an external service provider platform to identify severe ESG incidents. Also this product requires the external managers to report any controversies or material incidents relating to ESG. The external managers are also requested to provide information on any corrective action that has been taken in respect thereof, following up with regular updates until the incident has been resolved.

Sustainability indicators

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

Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Corporate Exclusion Policy

The sustainability indicator to measure adherence to the Corporate Exclusion Policy is the absence of excluded products/companies in this financial product.

Sustainable Development Investments

The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.

UNGC Principles

The sustainability indicator to measure this E/S characteristic is the share of managers who agreed to take into account the UN Global Compact Principles when making investments.

ESG Integration and Transparency

This product promotes ESG integration and reporting by external managers in their investment processes.

ESG Integration

The sustainability indicator to measure attainment of this E/S characteristic is whether the manager's score has achieved a Good Practice score or is improving towards a Good Practice score.

ESG Transparency

The sustainability indicator to measure the attainment of this E/S characteristic is the percentage of managers reporting to us on ESG in a separate report, and the percentages of managers reporting to us on ESG Data Convergence Project metrics.

PRI signatories

The sustainability indicator to measure this E/S characteristic, is the share of managers who are signatories to the UN Principles for Responsible Investing.

Identification of Severe ESG Incidents

On a quarterly basis this product reports the aggregated number of severe incidents to the clients.

In addition to the sustainability indicators, this product considers the following principal adverse impact indicators:

Principal Adverse Sustainability Indicator		
PAI # 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.	Companies are monitored using a third party data provider for violations of the Global Compact and OECD Guidelines.
PAI # 11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Based on legal the documentation (i.e. side letter provisions) external managers have agreed to take into account the UN Global Compact Principles in connection with each portfolio investment, subject to its fiduciary obligations to the partnership and its obligations under the express terms of the partnership agreement.
PAI # 14	Exposure to controversial weapons.	Based on the Corporate Exclusion Policy, no investments in controversial weapons are made.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

n/a

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

n/a

How have the indicators for adverse impacts on sustainability factors been taken into account?

n/a

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Details: n/a

Does this financial product consider principal adverse impacts on sustainability factors?

Yes, this product considers PAI # 10, 11 and 14.

No

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

All investments will be in compliance with the APG Responsible Investment Implementation Guidelines for the Private Equity Building Block, which covers the APG Exclusion Framework amongst others. The only exception is in the case of Secondary Investments where the exclusion and restriction policies cannot be enforced on the undrawn commitment element of a Secondary Investment. We do seek to extend our ESG legal requirements to Secondary investments but may not be successful.

Other binding legal requirements are in place for fund investments to:

- Provide APG with ESG reporting;
- Take into account the UN Global Compact principles;
- Report material ESG incidents to APG.

● **What is the policy to assess good governance practices of the investee companies?**

The following good governance practices around sound management structures, employee relations, remuneration of staff and tax compliance are considered before making a new investment in this product. Additional good governance practices are assessed as part of the due diligence and assessment processes for investments in this product.

Good Governance Practice	Metric	Explanation
Sound management structures	Investments take into account the UN Global Compact Principles, including Principle 10 on Anti-Corruption.	We expect all new investments to contractually commit to take into account the UN Global Compact Principles.
Employee Relations	Investments take into account the UN Global Compact Principles, including Principles 1-6 on Human Rights and Labour.	We expect all new investments to contractually commit to take into account the UN Global Compact Principles.

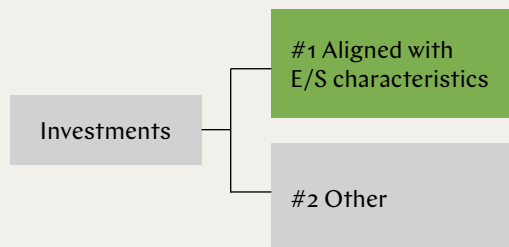
Tax Compliance	Investments have no significant controversies related to tax compliance.	We screen for whether investee companies have been involved in significant controversies related to accounting and taxation.
Remuneration of Staff	Investments have no significant controversies related to staff remuneration.	We screen for whether investee companies have been involved in significant controversies related to staff remuneration.



What is the asset allocation planned for this financial product?

The majority (>85%) of investments in this product fall under category #1 Aligned with E/S characteristics.

Asset allocation describes the share of investments in specific assets.



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

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

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are only used for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Derivatives use shall comply with the Pool's counter party policy, collateral policy, liquidity policy and market risk policy.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

In this Pool, 10.5% of committed capital currently falls under “#2 Other”. Of this, 5.9% of the total investments are managed by an external manager who does not explicitly consider E/S characteristics, nor claims to seek sustainable investments.

Other investments included under “#2 Other” are Secondary Investments (4.6%) where E/S characteristics cannot be enforced on the undrawn commitment element of a Secondary Investment. We do seek to extend our ESG legal requirements to Secondary investments but may not be successful.

Furthermore, as derivatives are allowed as per the Approved Instrument List, and can be used for efficient portfolio management and risk management; when present in the portfolio, they would fall under “#2 Other”. Saying this, all such derivatives would be considered for inclusion in the portfolio using the same considerations listed above.



Where can I find more product specific information online?

More product-specific information can be found on the website: apg.nl.