

Periodic Disclosure for the APG China Fixed Income Pool

July 2023



2. APG China Fixed Income Pool

Periodic 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 China Fixed Income Pool

Legal entity identifier: 549300SYWIIEOV2L8835

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 lay down 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	
Did this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made 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 made sustainable investments with a social objective: ___%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have a sustainable investment as its objective, it had a 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 promoted E/S characteristics, but did not make any sustainable investments



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

This product promotes the following environmental and/or social characteristics¹:

Corporate Exclusion Policy

The Corporate Exclusion Policy applies to this product.

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The Corporate Inclusion Policy applies to this product.

Sustainable Development Investments²

This product actively seeks for investments that contribute to the Sustainable Development Goals (SDGs).

Other environmental and social characteristics promoted by this product are:

Sustainability Indicators	
Social	
Indicator	Metric
PAI # 10	Violation of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
PAI # 14	Exposure to controversial weapons

This product applies an active engagement policy to engage on key governance topics such as: social and employee matters, respect for human rights, anti-corruption and anti-bribery.

How did the sustainability indicators perform?

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

Sustainability Indicator	Description	Metric	Observations over reporting period
Corporate Exclusion Policy	The sustainability indicator to measure adherence to the Exclusion Policy is the absence of excluded products/ companies in this financial product.	Based on the Exclusion Policy, no investments in controversial weapons are made.	There were 0 companies identified in controversial weapons

1) For more information about the Corporate Exclusion Policy, Corporate Inclusion Policy and the Sustainable Development Investments approach, please see: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>.

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

Corporate Inclusion Policy	This product applies an active engagement policy to engage on key governance topics such as: social and employee matters, respect for human rights, anti-corruption and anti-bribery.	The sustainability indicator to measure adherence to the Corporate Inclusion Policy is the share of leaders in the product, based on the Corporate Inclusion Policy methodology, and the share of average companies in our engagement universe.	Leader: 26% Engaged companies: 72.3%
Sustainable Development Investments	The exposure to companies which contribute to the UN Sustainable Development Goals (SDGs) is measured for this product.	The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.	6.45% (Reference date Q3 2022)



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.

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

Principal Adverse Sustainability Indicators				
Indicator	Metric		Explanation	Outcome
PAI # 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Based on the Corporate Inclusion Policy this product does not invest in companies involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	No investments in violations of UNGC principles or OECD Guidelines for Multinational Enterprises
PAI # 14	Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Based on the Exclusion Policy, no investments in controversial weapons are made.	No investments in controversial weapons were made.



The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 2022 (average four quarters)

What were the top investments of this financial product?

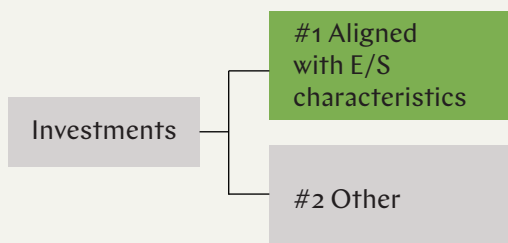
#	Largest Investment	Sector	In % of NAV	Country
1	SDBC 3.3 03/03/26	Governmental Banks	6.49%	China
2	SHANPU 2.97 12/06/24	Banks	3.98%	China
3	SDBC 3 01/17/32	Governmental Banks	3.56%	China
4	SDBC 3.23 01/10/25	Governmental Banks	2.83%	China
5	YKARAH 3.14 11/29/24	Food Products	2.78%	China
6	SDBC 3.48 01/08/29	Governmental Banks	2.47%	China
7	DALWAN 4.7 06/03/23	Real Estate Management & Development	2.44%	China
8	INDUBK 3 03/14/25	Banks	2.39%	China
9	SDBC 3.07 03/10/30	Governmental Banks	1.99%	China
10	SDBC 3.34 07/14/25	Governmental Banks	1.64%	China
11	SDBC 3.45 09/20/29	Governmental Banks	1.63%	China
12	JSPHON 3.57 08/24/23	Commercial Services & Supplies	1.61%	China
13	SDBC 2.59 03/17/25	Governmental Banks	1.59%	China
14	SDBC 2.65 02/24/27	Governmental Banks	1.58%	China
15	HUEXPR 3.22 12/30/27	Road & Rail	1.58%	China



Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

- **What was the asset allocation?**



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

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

Aligned with E/S characteristics (102%):

The investments are all aligned with E/S characteristics, as these are all subject to inclusion and exclusion policies.

Other (-2%):

Cash and other products are not subject to the inclusion and exclusion policy.

In which economic sectors were the investments made?

#	Economic sector	Average weight % of NAV
1	Governmental Banks	35.1%
2	Banks	25.2%
3	Real Estate Management & Development	6.7%
4	Air Freight & Logistics	4.0%
5	Food Products	2.8%
6	Cash & Cash Equivalents	2.5%
7	Machinery	2.0%

8	Commercial Services & Supplies	2.0%
9	Personal Products	2.0%
10	Road & Rail	2.0%
11	Transportation & Logistics	1.7%
12	Construction & Engineering	1.6%
13	Water Utilities	1.6%
14	Transportation Infrastructure	1.6%
15	Diversified Financial Services	1.6%
16	Regional	1.2%
17	Metals & Mining	1.2%
18	Pharmaceuticals	1.2%
19	Oil, Gas & Consumable Fuels	1.2%



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

Cash and other products are not subject to the inclusion and exclusion policy. Safeguards are not applicable for these products.



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

Inclusion

We evaluate all companies that we can invest in through bonds (the investment universe) based on return, risk, cost and the degree to which they operate sustainably and responsibly. APG AM uses a proprietary method to categorize companies as ‘ESG leaders’ and ‘ESG laggards’ on the basis of ESG-criteria. We aim to invest only in companies which are attractive from a return, risk and cost perspective and leading on ESG. Where companies lag behind in terms of ESG performance, we can only invest if we engage with them to improve. Thereby engagement and good stewardship becomes a condition for investing. We call such

companies 'potential improvers'.

Exclusion

We do not invest in manufacturers of weapons that are prohibited by international treaties signed by the Netherlands, tobacco companies, or in companies that manufacture (major components of) nuclear weapons. In the case of government bonds, we do not invest in the bonds of countries on which the UN Security Council or the European Union has imposed a binding arms embargo.

SDI ambition

The product contributes towards a longer term SDI ambition as per 2025 of 20% of AuM. Where possible, the goal is to work towards not interfering with the risk/return characteristics of the product, in its current year. The product will choose a SDI investment over a non-SDI investment when possible and when risk/return characteristics are aligned between the two investments. These kinds of choices have been made during the year for numerous investments.