

Pre Contractual Disclosure for the APG Global Developed Real Estate RI index Pool¹

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 Global Developed Real Estate RI Index Pool

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 Global Developed Real Estate RI index Pool

Legal entity identifier: 549300QBO64V7D63M460

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	
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.

Corporate Inclusion Policy

This Corporate Inclusion Policy applies to this product.

GRESB³

The Global Real Estate Sustainability Benchmark (GRESB) score of investments in this product.

CRREM⁴

Performance of the investments in this product against CREEM pathways.

RepRisk

RepRisk Rating has been considered.

Sustainable Development Investments⁵

Measurement of exposure to investments that contribute to the Sustainable Development Goals.

Controversy screening

Investments in this product are structurally monitored on (severe) controversies.

Climate risk

Measurement of exposure to individual physical climate risk hazards for investments within this product.

Anti-bribery & anti-corruption and whistle-blower program

Presence of anti-bribery & anti-corruption policy and whistle-blower program.

Sustainability indicators

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

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

- The absence of excluded products/ companies in this financial product;
- The share of leaders in the product, based on the Corporate Inclusion Policy methodology;
- The GRESB score of investments in this product is being compared to the GRESB benchmark at both investment as well as product level;

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

3) GRESB | Global ESG Benchmark for Real Assets

4) CRREM - Make decarbonisation measurable & Manage Carbon Risk and Home - CRREM Global

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

- Vehicle level performance against CRREM pathways (www.crrem.eu and www.crrem.org) is being monitored and measured at both investment as well as product level;
- The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product;
- Structured monitoring and quarterly reporting on (severe) controversies for investments within this product;
- Structured monitoring and measurement of exposure to individual physical climate risk hazards for investments within this product;
- Structured monitoring and measurement of investments with an anti-bribery & anti-corruption policy as well as a whistle blower program in place.

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

Sustainability indicators			
Indicator	Metric		Explanation
PAI # 1	GHG emissions	Scope 1 GHG emissions	Scope 1, 2 and 3 GHG emissions of the investments in this product are measured and monitored.
		Scope 2 GHG emissions	
		Scope 3 GHG emissions	Scope 3 emissions include primarily emissions related to energy used by tenants.
		Total GHG emissions	
PAI # 2	Carbon footprint	Carbon footprint	Carbon footprint of the investments in this product are measured and monitored and quantified how much is attributable to this product, where measured data is available. If measured data is not available, APG will engage.
PAI # 3	GHG intensity of investee companies	GHG intensity of investee companies	GHG intensity of the investments in this product is measured against applicable CRREM pathways. Consequently, the GHG intensity is measured in terms of kgCO ₂ /m ² , which is industry practice and not measured in terms of GHG by enterprise value.
PAI # 4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	This product is not allowed to invest in companies active in the fossil fuel sector.

PAI # 5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Share of non-renewable energy consumption is generally available to the extent that entities report to GRESB.
PAI # 6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Energy consumption intensity for real estate assets is measured on a m ² basis and compared to the CRREM pathways.
PAI # 7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Not measured and monitored. However, through promoting green building certification ⁶ APG aims to limit potential negative impacts.
PAI # 8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Not measured or monitored for investments in this product.
PAI # 9	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Not measured or monitored for investments in this product.

6) For all new investments we recognize the following green rating schemes: Europe (BREEAM), US (BREEAM USA, LEED), Australia (GreenStar), Japan (CASBEE, DBJ, BREEAM), Other Countries (BREEAM, LEED, GRESB Tier 1 schemes (excluding WELL)). In our reporting we recognize GRESB Tier 1 schemes excluding WELL.

Social			
Indicator	Metric		Explanation
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.	Monitored but not measured, as the definition is currently insufficiently clear. In order to mitigate any breaches, anti-bribery & anti-corruption policies are required as well as a whistleblower program.
PAI # 11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	Based on the Corporate Inclusion Policy, investments in this product are assessed on the presence of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises. This includes the requirement to have an anti-bribery & anti-corruption policy in place, as well as a whistleblower program.
PAI # 12	Unadjusted gender pay gap.	Average unadjusted gender pay gap of investee companies.	Not measured or monitored. This is currently not a regulatory requirement, resulting in limited data availability.
PAI # 13	Board gender diversity.	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	This is being monitored and measured whilst also informing our voting decisions.
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 allowed to be made.

PAI # 17	Exposure to fossil fuels through real estate assets.	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not measured and monitored.
PAI # 18	Exposure to energy-inefficient real estate assets.	Share of investments in energy-inefficient real estate assets.	Exposure to inefficient real estate assets is being monitored through CRREM compliance but not in accordance with the prescribed formula. The CRREM pathways are science-based and it is assumed that these pathways are more stringent than the formula provided by the SFDR. Further, the formula as prescribed by the SFDR can only be applied to investments in Europe, whilst the product includes investments globally. Finally, the definitions of e.g. NZEB rules are not available in all MS to date. Consequently, APG is at the position that the CRREM methodology is a more conservative approach.



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

- Yes, the principal adverse impact indicators this product considers are listed above.
- No



What investment strategy does this financial product follow?

The Pool seeks to track an index that selects & re-weights entities based on ESG criteria and sustainability frameworks. The Pool aims full replication of the adopted benchmark in order to satisfy its stated investment objectives.

The index excludes all constituents that are on the APG Exclusion List based on product-related and UN GC exclusion, and includes companies that are classified by APG as Real Estate ESG Leaders. The index makes use of optimization techniques to include companies with sound governance, solid reputation, no harm and CRREM alignment, and controlled factors and tracking error risk versus a market-cap weighted parent index. The parent index is the iSTOXX Developed Real Estate index.

Investment restrictions⁷

The Pool shall, either directly or indirectly, only make investments that meet the following criteria:

Countries allowed

All developed countries that are allowed based on risk framework set by the Manager's Asset Management Risk Committee. Depositary receipts are deemed to be the country exposure of the country of incorporation of the underlying company or issuer.

Sectors allowed

Classification for all issuers is based on the Bloomberg Barclays Global Sector Classification Scheme also for issuers not included in Bloomberg Barclays benchmarks. The following class 1 sectors are allowed: Treasuries and Government-Related.

Real Estate Sectors allowed

Residential, logistics, offices, retail, hotels and other real estate (e.g. health care, industrial, car parks, data centers, storage)⁸.

Financial instruments allowed

Instruments only to be used in compliance with the Manager's Approved Instruments List as annually reviewed.

As a result of mandatory corporate actions the Pool (1) may receive instruments which are not allowed according to the approved instrument list of the Pool or (2) may acquire exposure in a company that does not comply with the sector / country restrictions of the Pool specifics but APG did not have the opportunity to choose receiving cash instead of shares. Such an event will not be classified as a breach

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- 7) Financial instruments may be excluded or restricted based on APG's exclusion implementation guidelines. It should be noted that permitted financial instruments may not be permissible if they are used as an element of an excluded or restricted strategy as and when referred to in those guidelines.
- 8) Starting with all companies classified by ICB in the Real Estate sector, the benchmark screens further on revenue by selecting companies with at least 75% aggregate revenue from real estate activities and with less than 50% revenue from Management fund activities. For companies belonging to the core real estate activities, the threshold is lowered from 75% to 65%. Core real estate activities are identified in terms of the ICB classification as Real Estate Holding and Development, Office REITs and Retail REITs.

of these specifics. The particular instrument will be sold in an orderly manner if possible. If it is not possible to sell, the participants will be informed as part of the regular reporting cycle.

Objective derivative use

Only for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Derivatives use shall comply with the Manager's counterparty policy, collateral policy, liquidity policy and market risk policy.

FX Policy

No FX hedging. The deviation from the Benchmark weight per Currency will not exceed 1.0%.

Max positions per region/sector/country/investment

a) Region:

Not applicable.

b) Sector:

A maximum active sector position of benchmark weight +/-0.5% measured at Pool level.

c) Country:

A maximum active country position of benchmark weight +/-0.5% measured at Pool level.

d) Investment:

A maximum active position per issuer of benchmark weight +/- 0.5% (no short positions allowed), measured at Pool level.

In deviation from the above issuer constraints, the Pool may, where required, temporarily exceed these issuer limits during the execution of allocation decisions and index rebalancings to accommodate timely execution of pre-investments or divestments. This is allowed for the period starting three (3) Business Days before and ending three (3) Business Days after allocation or index rebalancing date.

Off benchmark limit

Investments in off benchmark issuers are not allowed; depositary receipts of benchmark names and derivatives are not considered off benchmark holdings. In deviation from the off benchmark constraints, the Pool may, where required, temporarily exceed the off benchmark limit during the execution of allocation decisions and index rebalancing to accommodate timely execution of pre-investments or divestments. This is allowed for the period starting three Business Days before and ending three Business Days after allocation or index rebalancing date.

● **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?**

The product will only contain Real Estate ESG Leaders, with sound governance, a solid reputation and CRREM Alignment. Screening for index (and hence portfolio) inclusion is based on (1) APG Exclusion Flag; (2) APG Real Estate Inclusion Flag; (3) APG Real Estate Sound Governance Flag; (4) APG Real Estate Solid Reputation Flag; (5) APG Real Estate No Harm Flag; (6) APG Real Estate CRREM-aligned Flag.

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

The following non-exhaustive list of good governance practices are considered before making an investment in an investee company. Additional good governance practices are assessed as part of the due diligence and assessment processes for investments in this product.

SFDR GGP	Metric	Explanation	Thresholds for failing the GGP Test
Sound management structures	Investments take into account the UN Global Compact Principles, including Principle 10 on Anti-Corruption.	We expect all new investments to commit to take into account the UN Global Compact Principles.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.
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 commit to take into account the UN Global Compact Principles.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.
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.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.
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.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.



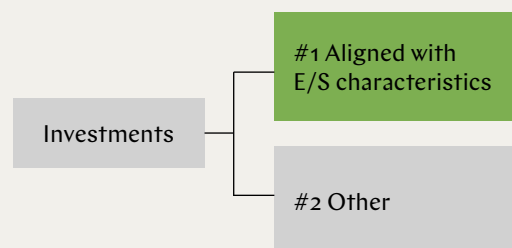
What is the asset allocation planned for this financial product?

The vast majority of investments in this financial product meet the environmental or social characteristics promoted by the financial product. Certain investments of the financial product could constitute investments which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of the revenue from green activities of investee companies
- **capital expenditure** (CapEx) shows the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#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?

Only for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Derivatives use shall comply with the Manager's counterparty 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?

Derivatives are the only investments that do not meet the E/S characteristics promoted by this financial product. As mentioned above, they are only used for efficient portfolio management and risk management purposes.



Where can I find more product specific information online?

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