

Stewardship Overview 2024



Contents

Foreword	3
Introduction	5
Engagement	9
Engagement at APG	10
Engagement Numbers 2024	11
APG Engagements by Theme	12
Theme: Climate	13
Theme: Biodiversity	15
Theme: Human Rights	17
Theme: Governance	19
APG Engagements by Asset Classes	21
Asset Class: Equities	22
Asset Class: Credits	24
Asset Class: Private Equity	26
Asset Class: Infrastructure	29
Asset Class: Real Estate	32
APG Policy Engagements	34
Voting	38
Exercising our Shareholder Rights	39
Voting Numbers for 2024	42
Voting highlights and shareholder proposals in 2024	43
Concluding remarks	46

Foreword



Claudia Kruse

At APG, stewardship is not just a responsibility; it is a reflection of who we are and what we stand for. As a fiduciary asset manager acting on behalf of Dutch pension funds, we recognize that our duty extends beyond delivering strong financial returns. It includes ensuring that the way we invest contributes to a sustainable, just, and resilient future for the millions of people who rely on us for their retirement security.

APG's Stewardship Overview 2024 outlines how we bring that responsibility to life. It explains how we use our voice and influence as a long-term investor to promote better investment outcomes for beneficiaries to retire into a livable world. Whether through constructive engagement with investees, voting at shareholder meetings, or collaborative initiatives with peers, our stewardship activities are designed to drive long-term value.

In 2024, we engaged with 364 listed companies on a wide range of sustainability and governance issues. These engagements were targeted, client-driven, and grounded in deep sector expertise. From climate action and biodiversity to human rights and corporate governance, we focus on the issues that matter most to our clients and to the world around us.

Likewise, we conducted targeted engagements within private markets, where our substantial holdings, board representation, and robust investor rights enable us to exert meaningful influence and drive impactful outcomes.

Our stewardship approach is dynamic and evolving. We integrate sustainability and governance considerations across all asset classes and investment decisions, guided by the belief that responsible investment is essential to long-term value creation.

We also recognize that this can be magnified when working with likeminded investors, policymakers, regulators, and other stakeholders to establish appropriate standards and strengthen the integrity of the financial system.

Looking ahead, we remain committed to deepening our stewardship efforts. We will continue to listen to our clients, challenge ourselves, and adapt to emerging risks and opportunities. Stewardship is not a static concept; it is a continuous process which evolves over time.

Claudia Kruse, Managing Director RI Strategy & Partnership, APG Asset Management

Introduction

As of year-end 2024, APG Asset Management manages €616 billion in assets on behalf of four Dutch pension funds, with ABP as the largest. Our mandate is to deliver long-term value for their participants by investing in line with our clients' policies. Our investment strategy prioritizes long-term and prudent risk management, cost efficiency and sustainability.

Importantly, investment returns account for over two-thirds of total pension benefits paid, highlighting their essential contribution to the long-term sustainability of pension provisions.

6

Fiduciary proposition

APG provides fiduciary services through a structure that encompasses three distinct roles. Fiduciary Management, which is responsible for advising pension funds, Portfolio Management, which implements our investment mandates, and Risk Management, which continuously monitors whether the investment process and the investments themselves remain within the agreed limits.

We also incorporate environmental, social and governance (ESG) factors into risk management analyses as part of our responsible



investment strategy. 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.

Approximately two-thirds of our investments are managed in-house, with the remainder invested via external managers. Sustainability aspects, including human rights, diversity, environmental impact, and climate action, are integral to our investment decisions. We manage a global portfolio diversified across capital and private market asset classes, supported by in-depth analysis and robust risk management tools to enhance returns.

Responsible Investment (RI)

APG approaches responsible investment (RI) through a structured and evolving framework that aligns with internationally recognized standards and the specific expectations of our pension fund clients. APG expects companies and funds we invest in to act in line with the United Nations principles for responsible business practice (UN Global Compact) concerning human rights, labor rights, corruption and the environment. We employ a variety of means to assess whether companies operate in line with these principles.

Recognizing that responsible investment is constantly evolving, APG proactively anticipates shifts in pension fund priorities, advises on policy refinement, and continuously strengthens its organizational capabilities, including data management and internal structures, to effectively meet clients' needs.

Within APG Asset management, a clear internal governance structure to oversee responsible investing has been established. The board-level Investment Committee, chaired by the CEO, oversees RI performance at the total portfolio level, and monitors for example the achievement of different RI targets across all asset classes, the climate

profile of the portfolio, alongside financial performance and asset allocation decisions. Its dedicated RI Sub-Committee ensures that RI related classifications and other data-related inputs and outputs are correct. Embedding RI in portfolio management is the responsibility of the CIOs, as is the achievement of mandate-specific RI objectives. RI performance is integrated into target setting and remuneration. The Responsible Investment Board oversees all change related initiatives. The Risk Department performs the second line responsibilities which include monitoring climate and nature risk across the portfolio, as well as providing RI sign-offs for individual investments brought forward to the respective Committees of Investment Proposals. Ultimately, the management board is accountable for the achievement of APG's RI related objectives.

Impact Investing

Impact investing, as defined by APG and its clients, involves allocating capital with the explicit intention of generating positive, measurable social and/or environmental outcomes alongside a solid financial return.

In 2024, APG began implementing its clients' impact investment policies, integrating this

approach across its operations. To align with and help shape international standards, APG became a member of the [Global Impact Investing Network \(GIIN\)](#) and joined its Investor Council.

Furthermore, to support the strategic ambitions of its pension fund clients, APG established an internal "impact library." This resource outlines the specific strategic goals

pursued through impact investing, each accompanied by a defined result and a core metric. In parallel, APG introduced tailored internal processes to support impact investing, particularly in areas such as insurance-related matters and data collection. These processes ensure a structured and consistent approach to identifying, managing, and reporting on impact investments, thereby enhancing transparency and accountability.



APG Corporate Sustainability

APG has aligned its sustainability reporting with the [Corporate Sustainability Reporting Directive \(CSRD\)](#) requirements in 2024.

This directive mandates compliance with the [European Sustainability Reporting Standards \(ESRS\)](#), which provides detailed guidance on ESG disclosures.

APG conducts a comprehensive materiality assessment every three years, which is updated annually.

In its 2024's [sustainability statement](#), part of its Annual Report, APG has integrated its prior reporting practices against the Global Reporting Initiative (GRI) and IRRC (now Value Reporting Foundation) into a single, comprehensive narrative. This unified approach enhances transparency regarding its current sustainability performance and future objectives, and introduces supplementary reports detailing policies, actions, metrics, and targets related to sustainability.

Additionally, to stay aligned with stakeholder expectations, APG conducts a comprehensive

materiality assessment every three years, which is updated annually. In 2023, we carried out a double materiality analysis, updated in early 2024, assessing both our societal and environmental impact and the financial risks we face. These insights guide strategic decisions and ensure accountability in corporate sustainability reporting.

APG's approach is overseen by its Sustainability Board, chaired by the APG AM CEO, and supported by the CSRD Steering Committee, chaired by the Group CFRO board member.

The Role of Stewardship in APG's Investment Strategy

Stewardship is a cornerstone of APG's responsible investment approach. As a fiduciary asset manager for Dutch pension funds, APG recognizes that achieving sustainable financial outcomes requires not only careful investment selection but also proactive stewardship. This responsibility is embedded in APG's duty to act in the best interests of its clients and their participants.

Voting and engagement form the foundation of APG's stewardship strategy and are closely aligned to drive meaningful impact. Through ongoing dialogue with corporate boards and

management, APG addresses critical issues such as climate action, biodiversity, human rights, and governance. Voting at annual general meetings further reinforces this engagement. Together, these tools enable APG to promote responsible corporate behavior and uphold its commitment to sustainable, long-term value creation.

Engagement

Engagement at APG

As a steward of long-term capital, APG translates our clients' environmental, social and governance (ESG) priorities into our investment practices. Engagement enables us to translate these priorities into action by initiating structured, goal-oriented dialogues with companies that either fall short of our clients' expectations or demonstrate potential for meaningful improvement in their performance.

10

Our engagement efforts are led by investment professionals with deep sector and company-specific expertise. This investment-led model ensures that our interactions with investee companies are informed, credible, and impactful. To further reinforce this approach, responsible investment specialists are integral to our investment teams and provide strategic guidance, ensuring that ESG considerations are consistently embedded in our engagement activities.

Each engagement program is tailored to reflect the themes defined by our clients, such as climate, biodiversity, human rights, and

governance. We calibrate the intensity and format of engagement based on the materiality of the issue and the responsiveness of the company. Our approach is dynamic and take into account market developments, allowing us to remain effective in an evolving investment landscape.

To amplify our influence, we also participate in collaborative engagement initiatives with other institutional investors, industry bodies and stakeholders. This enhances our ability to drive change and reinforces our commitment to delivering long-term value in line with our clients' objectives. Further details on these collective engagements and partnerships will be provided throughout this report.

Driving Long-Term Value Through Active Ownership

Engaging with investee companies on ESG issues is a key pillar of APG's responsible investment strategy and is essential to meeting the requirements set by its clients. As a long-term provider of capital across listed equities, credits, infrastructure, real estate, and private

equity, APG uses its position to influence companies toward more sustainable and responsible practices.

In 2024, APG engaged with [364 listed companies](#) on ESG issues. These engagements were targeted and based on specific asks aligned with the criteria of each client.

Within our business strategy, client-driven themes guide multi-year engagement programs, typically spanning two to three years. These themes are selected in close consultation with clients and focus on areas where systemic risks exist and where engagement can drive meaningful change, including setting new industry standards. We will further discuss the themes in the next section.

Engagement numbers 2024

Dialogue with companies about sustainability and good governance

Number of companies
APG AM has spoken with:



364

Number of conversations about:



Good corporate
governance
233



Environment
298



Business ethics*
77



Working conditions
43



Human rights
75



Sustainable financing
42



Other topics
33

*Including bribery and corruption, money laundering, inappropriate promotion of medicines and lack of whistleblowing mechanisms.

APG Engagements by Theme

Theme: Climate

APG is dedicated to supporting the Paris Climate Agreement's goal of limiting global warming to 1.5°C. Our objective is to achieve a net zero portfolio by 2050, or sooner. In order to achieve this goal, APG has set 2030 portfolio emission reduction targets in line with the Intergovernmental Panel on Climate Change (IPCC) 1.5°C scenario.

13

In order to contribute to achieving those goals, APG collaborates with different stakeholders. For example, APG is on the board of the [Institutional Investors Group on Climate Change \(IIGCC\)](#).

IIGCC's Net Zero Investment Framework (NZIF) is the foundation of APG's approach in setting objectives for lowering the carbon footprint of its investments. As a member of the Net Zero Asset Managers (NZAM) Initiative, APG is committed to setting mid-term targets in relation to its net zero goal.

APG is also a signatory to the Climate [Commitment of the Financial Sector](#), where

Dutch financial institutions, including pension funds and their asset managers, pledge to:

- Measure and report on the CO₂ impact of their financing and investment activities.
- Develop action plans to meet the targets set by the Dutch Climate Agreement and the Paris Climate Agreement, including 2030 goals.

APG has been measuring the CO₂ footprint of its listed equity portfolio since 2013 and has developed its [climate action plan in 2022](#) outlining its commitment and approach to meet its 2030 and 2050 targets.

Sustainable Development Investments Asset Owner Platform (SDI AOP)

Within the mandate given by the pension funds APG works for, investments that contribute to the [UN Sustainable Development Goals \(SDGs\)](#) are an area of focus. At the end of 2024, APG was managing 130 billion euros in investments dedicated to sustainable development investments (SDIs) on behalf of the pension funds. In 2023, this was 111 billion euros. Investments that contribute to



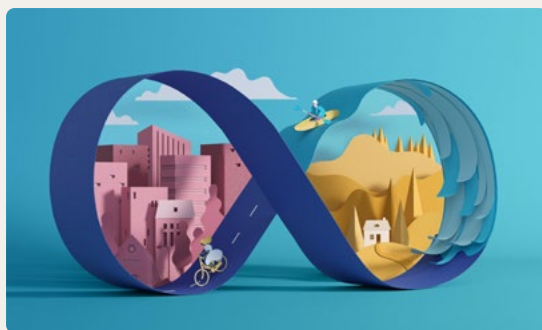
the SDGs formed 20.6% of our assets under management in 2024, compared to 19.5% in 2023.

APG is a co-founder and chair of the [Sustainable Development Investment Asset Owner Platform \(SDI AOP\)](#) which assesses companies that currently or potentially contribute to the SDGs, based on companies' products and services. The accompanying standard and underlying data used by that platform are available to and used by international investors. Over the course of 2024, SDI AOP launched a private markets product, in line with the classification system used for public markets. During 2024, the platform developed a [SDG Outcomes](#) product which was launched in early 2025.

Global Investors for Sustainable Development (GISD) Initiative

APG has been a member of the Global Investors for Sustainable Development (GISD) Initiative, under the UN Secretary-General, since its inception in October 2019, represented by the CEO of APG AM. As a member of the Strategy Group, in 2024, APG's MD of RI Strategy & Partnerships co-chaired a workstream focused on tackling local currency risk, particularly in emerging markets. APG believes that local currency presents an investment opportunity, particularly when linked to SDG-related outcomes, an area where broad consensus is still lacking.

14



Since October 2024, a New York-based colleague has participated in several UN panel discussions on this topic. The meetings focused on advancing actionable strategies to mobilize additional private capital for

sustainable development, particularly in emerging markets. In July 2025, APG took part in the Fourth International Conference on Financing for Development (FFD4) in Seville, Spain, to help advance the debate on the role of multilateral and private institutions in facilitating greater investment in local currencies in emerging markets with an SDG focus.

Collaborative Engagements

Focused on climate issues, APG engages with companies to secure commitments to reduce greenhouse gas (GHG) emissions, establish robust governance frameworks for climate risk, and enhance corporate disclosure in line with the ISSB standards and the Task Force on Climate-related Financial Disclosures (TCFD) [recommendations](#). APG understands that companies applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* will meet the TCFD recommendations, as they are fully incorporated into the ISSB Standards.

In 2024, APG continued its collaborative engagements on the Net Zero Standard for Banks to indirectly reduce emissions in the fossil fuel sector and other high-impact

industries via the Institutional Investors Group on Climate Change (IIGCC). APG also participated in two other collaborative engagements.

Climate Action 100+: As a lead engager with six companies - Baoshan Iron & Steel, Holcim, Hitachi, Samsung Electronics, Stellantis and Tata Steel - APG works to ensure that company engagements align with the initiative's goals: reducing emissions, improving governance, and enhancing climate-related financial disclosures. In 2024, engagement efforts focused on encouraging companies to cut down GHG emissions by 2030 and achieve net zero by 2050, in line with the Paris Agreement.

Dutch Climate Coalition (DCC): In 2024, APG engaged with seven oil and gas companies in Q1-Q2 and six in Q3-Q4 as part of the Dutch Climate Coalition initiative. Companies were evaluated against five DCC and five additional APG-specific engagement criteria, reflecting APG's enhanced expectations. These criteria assessed alignment with the Paris Agreement and the 1.5°C climate goal, requiring a 43% reduction in emissions by 2030. While some companies continued to demonstrate progress, others were divested due to a lack of alignment with clients' expectations.

Theme: Biodiversity

APG recognizes biodiversity as a critical foundation for a healthy economy and a livable planet. As a long-term pension investor, APG views biodiversity loss as both a material financial risk and a pressing societal challenge.

15

Many sectors, such as agriculture, pharmaceuticals, and real estate, depend on ecosystem services, and their disruption poses significant risks to economic stability and investment performance.

To address these challenges, APG integrates biodiversity considerations into its investment strategies and supports the development of standardized methods for measuring and reporting biodiversity impacts. As a signatory to the Finance for Biodiversity Pledge and a supporter of the Partnership for Biodiversity Accounting Financials (PBAF), APG contributes to shaping tools and frameworks that guide financial institutions in assessing biodiversity-related risks and opportunities. APG is also a member of the [WEF Global Future Council on Natural Capital](#) and actively

engages with companies to promote better biodiversity practices, supporting investments that contribute to nature restoration and conservation. These efforts aim not only to mitigate financial risks but also to contribute positively to global biodiversity goals.

As part of its stewardship activities, APG participates in several key initiatives.

Nature Action 100 is a global investor-led engagement initiative with 230 members focused on reversing nature and biodiversity loss by 2030. It targets 100 companies across sectors with significant impacts on nature encouraging alignment with the [Nature Action 100 Investor Expectations of Companies](#) in order to reduce nature-related financial risks.

PRI Spring, led by the Principles for Responsible Investment, [Spring](#) is a global stewardship program that addresses systemic risks tied to nature degradation, particularly deforestation and land degradation. APG supports this initiative and is part of the Spring Investor Working Group, engaging

with six of the 40 targeted companies, Banco Bradesco, BMW, Contemporary Amperex Technology, Itau Unibanco, Kinross Gold and Banco Santander. The initiative aligns with the [Global Biodiversity Framework](#) and aims to promote long-term value creation through improved corporate practices.

BiROFin (Biodiversity-Related Risks and Opportunities for the Financial Sector) is a public-private partnership launched in 2024. Led by Wageningen University & Research and the Foundation for Sustainable Development, and supported by APG and other financial institutions, BiROFin aims to quantify the macroeconomic impacts of biodiversity loss. APG's participation in BiROFin enables collaboration with scientists and financial experts to translate ecological data into actionable financial insights. This supports the development of a nature-inclusive financial system and enhances APG's ability to assess biodiversity-related risks.

Natural Capital Accounting: In **Tasmania**, a leading forestry enterprise within APG's portfolio is pioneering the integration of natural capital into its business strategy. This initiative focuses on assigning financial value to ecosystem services through Natural Capital Reports, which adopts standard financial formats to enhance transparency and support informed decision-making. In the **United States**, natural capital accounting is also progressing through another APG mandate,

focused on timberland. Leveraging satellite imagery and geographic information systems (GIS), the project maps natural assets and evaluates ecosystem services to produce a natural capital balance sheet for a 30,276-acre site in the Pacific Northwest.

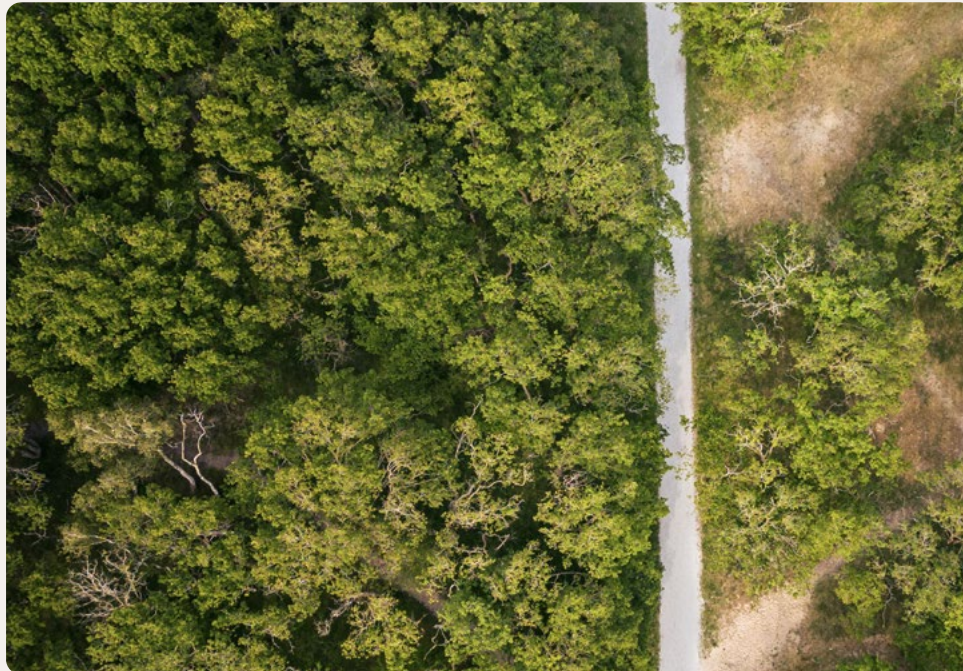
Linking Climate and Biodiversity Outcomes to Financial Performance: In 2024, APG made its first impact investment in forestry through a commitment to a diversified U.S. forestland strategy. This initiative aims to generate tangible environmental outcomes by developing carbon offset projects and establishing new conservation areas. The fund's impact thesis is centered on two strategic goals, conservation and carbon sequestration.

Conservation Initiatives in the United States:

In 2024, through its external managers, APG supported several impactful conservation projects in partnership with local and Indigenous communities across the United States. These efforts included:

- Reconstructing acclimatization ponds to improve fish survival rates.
- Partnering with state wildlife agencies to conduct carnivore population studies.
- Participating in snorkel surveys to assess fish presence and habitat conditions.
- Supporting local honey producers by permitting beehive placement and management on forestland.

A notable achievement involved a collaboration between an external manager and a conservancy organization, resulting in the sale of over 2,000 acres to the U.S. Fish and Wildlife Service. This land - featuring old-growth forests and 63 kilometers of salmon-relevant rivers and streams - was transferred to the Willapa National Wildlife Refuge for permanent protection.



Theme: Human Rights

APG is committed to promoting and upholding human rights across its investment activities. Acting on behalf of its pension fund clients, APG uses its influence to encourage companies to improve their human rights performance. As a responsible steward of capital, APG aims to ensure that its investments not only respect human rights but also contribute to their advancement.

led to incremental progress on engagement objectives. However, it is clear there is much work still left on the topic of living wages. Amid policy uncertainty and growing ESG backlash, several food and agricultural companies have adopted a more cautious approach, delayed new human rights disclosures and held back on updates to their social-related reporting.

As part of its stewardship activities, APG participated in several initiatives in 2024 related to human rights issues.

Corporate Human Rights Benchmark

(CHRB): Co-founded by APG in 2017, the CHRB is a key tool for assessing corporate implementation of the UN Guiding Principles on Business and Human Rights. The CHRB is part of the [World Benchmark Analysis \(WBA\)](#), which seeks to generate a movement around increasing the private sector's impact towards a sustainable future for all. As such, APG uses CHRB data to inform engagement and voting, especially in high-risk sectors like Electric Utilities and Automotive. In the 2024 proxy season, APG applied CHRB Theme B2 and WBA Core Social Indicators 3, 4, and 5 to identify companies lacking adequate human rights due diligence, guiding negative voting decisions. The expanded WBA dataset now covers 2,000 companies.

Platform Living Wage Financials (PLWF):

In 2024, APG maintained its active role in the collaborative investor engagement initiative led by [PLWF](#), advocating for the payment of living wages across company operations and supply chains. APG participated in the Food & Agri and Food Retail working groups and engaged



APG's Engagements on Human Rights Issues

In 2024, APG launched its focused human rights engagement program, building on/ leveraging off the work carried out in previous years. The key focus areas included transparency and traceability in automotive supply chains, living wages and incomes in the food sector, and the rights of Indigenous communities in the development of renewable energy projects.

Throughout the year, APG engaged with relevant companies through in-person discussions, calls, or emails. These dialogues

with five companies through PLWF's dedicated engagement program, Coca-Cola, Mondelez, Orkla, Kraft Heinz and Starbucks. During the year, the assessment methodology was further refined and applied with increased rigor.

PRI Advance: In 2024, APG engaged with four companies through [Advance](#), a collaborative initiative led by the Principles for Responsible Investment (PRI) to address human rights and social issues. These early-stage engagements with CLP Holdings, Engie, First Quantum Minerals and RWE, focus on supply chain practices, involving investors, NGOs, and local communities as key stakeholders.



an active role in shaping the sustainability strategy of one of its forestry portfolio companies in Chile. The strategy is built on four pillars: Opportunity for All, Climate Action, Nature-Positive Landscapes, and Good Governance - closely aligned with APG's responsible investment principles. A key focus is community engagement, which has led to impactful programs in education, employment, and ecosystem restoration through ongoing dialogue with local stakeholders.

Responsible Artificial Intelligence (AI):

In 2024, APG expanded its research and engagement on responsible AI, focusing on

major listed tech companies in China and Korea. These companies primarily apply AI to enhance existing products, in contrast to U.S. peers investing heavily in large language models - highlighting regional differences in AI development and regulation.

APG analyzed AI governance frameworks across the EU, U.S., and China, identifying shared concerns such as deepfakes, privacy erosion, algorithmic bias, and reduced human oversight. However, regulatory approaches vary: the EU applies a risk-based model, the U.S. follows a decentralized approach, and China mandates pre-approval for AI products.

To guide engagement on AI, APG mapped these regulatory standards against the practices of leading AI firms in China and Korea. This comprehensive analysis is already informing APG's ongoing dialogues with Chinese and Korean tech firms, enabling targeted engagement on aligning corporate AI practices with emerging global standards and mitigating key risks.



APG analyzed AI governance frameworks, identifying shared concerns such as deepfakes, privacy erosion, algorithmic bias, and reduced human oversight > *Debanik Basu*

Strengthening Relationships with Local Communities in Chile: In 2024, APG played

Theme: Governance

APG recognizes the importance of good governance, the necessity of making decisions that serve the best interests of all stakeholders, and the value of transparency in both decision-making and actions.

APG's corporate commitment is in adherence to the principles of good and responsible governance, following the [Dutch Corporate Governance Code \(CGC\)](#) to the greatest extent possible. This code outlines key principles and best practice provisions aimed at fostering effective governance in listed companies.

APG's Code of Conduct

APG's [Code of Conduct \(CoC\)](#) reflects its commitment to acting with integrity, professionalism, and transparency in all aspects of its operations. In 2024, it continued to serve as a guiding framework that defines the organization's core values and outlines behavioral principles that shape internal conduct and external relationships, including engagements. The CoC emphasizes the importance of ethical decision-making, accountability, and continuous dialogue,

especially in complex or ambiguous situations.

Good Governance and Taxation

[APG's Fiscal Policy](#) is grounded in the belief that responsible tax behavior is a fundamental component of good corporate governance and sustainable investing. To mitigate risks in 2024, APG continued to adopt fiscally responsible positions and ensured full compliance with both the letter and the spirit of tax laws in all countries where it is active. APG continues to be committed to accurate, complete, and timely tax reporting and payment, and we structure our investments in a way that avoids unnecessary tax burdens on pension participants. This approach not only protects the value of pensions but also reinforces APG's role as a transparent and accountable financial institution.

Diversity, Equity and Inclusion (DEI)

APG considers Diversity, Equity, and Inclusion (DEI) a strategic priority and an integral part of our corporate identity. This commitment is embedded in APG's broader governance philosophy, which emphasizes



sustainable value creation, ethical conduct, and accountability. These priorities are reflected in our engagement dialogues, voting behavior, and collaborative initiatives.

Corporate Governance Engagements in 2024

APG's corporate governance engagement program is designed to promote robust governance standards across global markets, with a focus on board composition, audit quality, business ethics, and executive remuneration. In 2024, engagement efforts in the Asia-Pacific (APAC) region concentrated on enhancing board independence and transparency. To advance these objectives, APG employed a range of strategies, including direct

dialogue with company executives and board members, active participation in shareholder meetings, and collaboration with regulators and investor coalitions.



APG's corporate governance engagement program is designed to promote robust governance standards across global markets > Tara Fraser

In the Netherlands, APG's 2024 governance activities focused on executive remuneration, aiming to influence company remuneration policy revisions ahead of the 2025 proxy season. Throughout the year, APG consistently communicated its expectations and secured meetings with Remuneration Committee Chairs to advocate for improvements in remuneration frameworks.

As part of its stewardship activities on corporate governance, APG participated in some initiatives in 2024.

International Corporate Governance

Network (ICGN): As a leading institutional investor, APG benefits from ICGN's platform for international collaboration, policy advocacy, and knowledge exchange on issues such as sustainability, stewardship, and long-term value creation. We recently joined the Global Policy Working Group. Having representation within ICGN allows APG to actively contribute to shaping global governance standards, ensuring that the interests of investors and pension beneficiaries are reflected in international frameworks.

Eumedion: APG's membership in Eumedion is strategically important to support strong governance and shareholder rights. As a major institutional investor, APG uses this platform to address challenges such as limited access to general meetings and early voting deadlines. APG chairs the investment committee and actively participates in other working groups. Thereby APG helps shape responsible investment practices and ensures the voice of long-term investors is represented in corporate and regulatory discussions.



APG Engagements by Asset Classes

Asset Class: Equities

APG's Equities team plays an important role in delivering long-term value for Dutch pension fund participants by investing in listed companies worldwide. Operating within APG's fiduciary framework, the Equities team is committed to safeguarding clients' assets and acting in their best interests. This includes integrating clients' Responsible Investing (RI) preferences into the investment process.

Enhancing Engagement Through Investment-Led Integration

The engagements at APG are led by investment professionals who possess deep company and industry expertise. This investment-led model ensures that the dialogues with investee companies are informed, credible, and impactful.

While engagement contributions come from across all asset classes, in 2024 APG centralized the majority of these efforts within a dedicated portfolio management team specializing in Developed Markets Equities. This team works closely with the proxy voting team to ensure seamless integration between engagement activities and APG's proxy voting policy. This coordination allows leveraging proxy voting as a strategic tool to reinforce engagement objectives.

In addition, APG embeds RI specialists within the investment teams. These RI portfolio managers provide expert guidance and support to the investment professionals who lead engagements with investee companies. The



commitment to integrating RI into the broader investment strategy reflects the long-term nature of the clients, who serve as stewards of their participants' assets. The combination of financial and stakeholder-focused perspectives is a defining feature of APG's investment philosophy.

Executing Engagement on Behalf of Our Clients

At APG's Equities team, we tailor our engagement programs based on the specific ESG preferences of our clients. In 2024, we focused our engagements on the four key topics already mentioned in this report,

climate, biodiversity, human rights, and governance, and on two additional topics, tax, and circularity.

These themes were applied across various sectors. For instance, we targeted improvements in climate-related practices within the automotive, cement, and banking sectors, and addressed human rights issues in the food and agriculture industry. We also designed region-specific engagement strategies, such as examining CEO remuneration structures among Dutch companies and board composition practices in Asian-Pacific firms.

For highly specialized topics like tax, we developed proprietary in-house methodologies to identify companies within our clients' portfolios that fall short of their expectations. The intensity and format of our engagement efforts vary depending on the objectives of each program, with the frequency and mode of dialogue tailored to the goals agreed upon with our clients.

Creating a Positive Feedback Loop

APG's clients expect the outcomes of the engagement and voting activities to inform our company analysis and investment

universe research, and we actively ensure this integration. Our stewardship efforts are a critical input into investment decision-making and the ongoing assessment of company quality.



Beyond this, the APG Equities team fosters a positive feedback loop by continuously reflecting on insights gained through the dialogues with companies and participation

in collaborative networks. We systematically monitor emerging trends across sectors and regions where we engage, using these observations to reassess and refine our approach to responsible investment. This ensures that our strategies remain both pragmatic and grounded in real-world developments.

The insights we gather are shared with our clients and directly influence the guidelines we establish, the parameters we apply in constructing investment universes, and the depth of our company research. APG views this knowledge-sharing as equally valuable as driving tangible improvements in corporate practices.

Asset Class: Credits

APG's Credits strategy provides broad exposure to non-government bonds and loans across developed markets, primarily denominated in euros and U.S. dollars. The Credits team plays a critical role in portfolio construction by generating stable income, enhancing long-term performance, and contributing to the management of interest-rate risk associated with pension fund liabilities.

projects, among others. These efforts reflect APG's continued commitment to decarbonizing its investment portfolio through targeted, impact-driven strategies.

Financing Affordable Housing in the United States

APG is proactively addressing the rising demand for affordable housing in the United States through targeted investments in the securitized

and structured finance space. In collaboration with a government-sponsored company, APG structures customized debt solutions that allow its clients to achieve meaningful impact. These investments are specifically designed to support underserved populations in the United States by financing the development and preservation of affordable rental housing. They offer stable, long-term returns while directly contributing to community well-being, particularly for low- and moderate-income households. In 2024, we made four investments totaling \$44 million in market value. Most of the units were affordable to extremely low income or households that made at or below 30% of AMI (Area Median Income).

APG Backs Europe's First Residential Solar ABS Deal

In 2024, APG's European credit team invested in Europe's first Residential Solar Asset-Backed Securities (ABS) transaction. This pioneering deal involves a static portfolio of German consumer loans used to finance the purchase and installation of residential solar panels and related equipment. By enabling homeowners



As a global credit investor, APG leverages its extensive network to finance change and contribute to a sustainable world. By partnering through active engagement and deep market insight, APG supports the development of a responsible credit market while maintaining its integrity and long-term value for clients. In addition to the 'bread and butter' labeled bond market, the Credits team has made investments in bespoke opportunities that can offer our clients attractive returns and contribute to their responsible investing goals. In 2024, the team made a number of investments that delivered real world outcomes in affordable housing and solar energy



Make renewable energy more accessible



Alignment with the **ICMA Green Bond Principles**



Alignment with the **UN Sustainability Development Goals**



Accelerate the green transformation

Green, Social and Sustainability Bonds

APG's Credits team made significant strides in developing an official scorecard for evaluating green, social, and sustainability-labeled bonds. This initiative builds upon APG's long-standing processes, enhancing its ability to track labeled bonds that require additional follow-up analysis of the impact reports. The Credits team's updated labeled bond guidelines are also nearing completion, further solidifying APG's leadership in this market.

In the Netherlands, APG invested in [Amvest's](#) green bond, which finances affordable housing in the low and mid-segments of the Dutch housing market. Mid-segment housing must qualify under the "Wet betaalbare huur," while lower-segment housing is defined as social housing under Dutch regulations. Additionally, Amvest adheres to strict energy efficiency guidelines for these houses.

Seventh Annual Labeled Bond Roundtable: Growing the US Labeled Bond Market

In 2024, APG hosted its seventh annual roundtable focused on expanding the corporate green and social bond market. This event saw the highest attendance to date, with a diverse group of institutional investors and bankers discussing strategies to stimulate growth

in the US corporate green bond market. The main takeaway from the roundtable was that investors need to continue to be vocal about their appetite for labeled bonds as key to their investment portfolios. Key topics discussed included effective tools for bondholder engagement and the potential inclusion of Operation Expenses (Opex) and Research and Development (R&D) in labeled bond frameworks.

Bondholder Engagement

As active owners, APG's Credits team leverages its position as bondholder to exert meaningful influence. Given that bondholders often provide the majority of capital in an issuer's structure, they are well-positioned to engage on critical climate-related issues, both at the issuer and issuance levels. In 2024, we continued our targeted engagements with several major U.S. and European banks and utilities, advocating for the adoption of more ambitious climate goals. Additionally, the Credits team joined the Institutional Investors Group on Climate Change (IIGCC) [Bondholder Stewardship Working Group](#) to help shape effective stewardship strategies and promote the scaling of sustainable finance.

25

to spread the cost of solar systems over time, the loan-based model makes the transition to renewable energy more accessible and affordable.

The ABS is backed by 8,469 loans for residential solar installations, which include 8,411 battery storage systems and 4,576 electric vehicle (EV) chargers. Collectively, these systems are expected to generate approximately 94.8 GWh of clean energy annually, reducing CO₂ emissions by an estimated 65,430 tons each year. This investment aligns with APG's commitment to sustainable finance and supports the broader energy transition across Europe.

Asset Class: Private Equity

At APG, private equity (PE) is a key investment strategy focused on attempting to achieve long-term, sustainable value creation. APG's private equity investments are guided by a strong commitment to responsible investing.

The firm has backed companies in sectors such as clean energy and healthcare, co-investing in critical magnets for electric vehicles and affordable generic medicines. These investments not only aim for financial returns but also contribute to broader societal goals like clean energy (SDG 7), and good health and well-being (SDG 3).

Stewardship ESG Momentum

In 2024, APG's Private Equity team deepened the integration of ESG principles across its investment strategy. APG also launched internal ESG training programs covering critical topics such as due diligence best practices, the Sustainable Finance Disclosure Regulation (SFDR), decarbonization, and the EU Taxonomy. Additionally, APG advanced its engagement strategy through three

key initiatives: hosting targeted ESG GP roundtables, participating in industry speaking engagements, and contributing thought leadership to shape emerging trends in private equity.

APG PE fosters responsible investing by engaging managers in targeted dialogues to drive ESG progress and real-world outcomes across its portfolio (see picture below):



Investing in Impact

For APG, impact investing means investing with the intention of achieving positive and measurable social and/or environmental impacts, in addition to a healthy financial return. Our focus is on investments that combine financial performance with measurable impact. By investing in dedicated



impact funds, we enable experienced private equity managers to accelerate the growth of sustainable businesses, thereby amplifying both financial and non-financial outcomes. The impact market is nascent and evolving, and APG has been able to develop an investible pipeline and deploy capital into impact. APG has tracked 396 impact managers to date, with 94 new managers screened in 2024. As of

December 31, 2024, APG PE invested in nine impact funds and five impact co-investments on behalf of clients.

In 2024, we launched our impact webinar to inform prospective managers of our requirements to enable them to be ready for APG capital. We are also highly engaged with managers to enhance their impact programs, including on measurement.

Investing in the Netherlands

In 2024, APG sought to deploy more capital in the Netherlands. Our funds, co-investment, and direct venture strategies were seeking out opportunities to invest in Dutch innovation, and venture and growth-oriented investments. Three such investments we made in 2024 include:

- APG committed €75 million on behalf of two clients to Innovation Industries Fund III, a Dutch deep tech fund focused on early-stage and scale-up companies in sectors such as industrial, medical, agricultural, and climate tech. These technologies aim to tackle global challenges like CO₂ reduction, biodiversity loss, and sustainable food systems. At least 70% of the capital will be invested in the Netherlands, particularly in regions like Eindhoven, supporting the local tech

ecosystem. The investment aligns with APG's impact mandate and "Theory of Change" framework, targeting both financial returns and measurable sustainability outcomes.

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For APG, impact investing means investing with the intention of achieving positive and measurable social and/or environmental impacts, in addition to a healthy financial return > Keren Raz

- APG invested in a Dutch high-tech company specializing in radar systems for detecting small airborne objects such as birds and drones. Originating from a [TNO project](#), the company evolved from aviation safety solutions to advanced drone detection, now used in both civilian and defense contexts. It has gained international recognition for supporting Ukraine's defense with radar systems capable of tracking drones in conflict zones.

- A third investment APG made in 2024 was in a Dutch smart building technology company that offers a Software-as-a-Service (SaaS) platform integrating real-time monitoring, AI-driven controls, and advanced building simulations. The platform enables clients to significantly reduce energy consumption, comply with ESG standards, and accelerate the decarbonization of real estate assets.

APG Promoting Climate Transparency and Decarbonization

APG's PE team has made notable progress in advancing climate-related reporting across its portfolio, driven by a series of targeted engagement initiatives. These include hosting a

footprints for managers, founding and actively promoting the [ESG Data Convergence Initiative \(EDCI\)](#), and issuing annual EDCI data requests. In addition, APG provides tailored recommendations to its' managers on GHG emissions reporting and monitors their progress regularly.

A growing number of managers have begun setting science-based targets, while many more are initiating broader decarbonization efforts within their portfolio companies. To further support these developments, APG convened a roundtable for U.S. managers focused on decarbonization strategies and issued formal recommendations on net zero initiatives.

Diversity Across the Portfolio

In 2024, company-level diversity data was comprehensively reported across APG's portfolio, supported by the data collection efforts of the EDCI. Of the 1,415 underlying portfolio companies that submitted data (representing approximately 68% of the portfolio), 93% disclosed board gender diversity metrics, while 87% reported on C-suite gender diversity. As a next step, APG will continue to engage with investment managers to further promote inclusion, both at a manager and portfolio company level.

Furthermore, APG is a signatory to the Institutional Limited Partners Association (ILPA) Diversity in Action initiative, serves on the ILPA ESG Advisory Council, and holds a seat on its Board of Directors.

28

Spotlight: next steps on climate-focused data and engagements

- Continued engagement with managers on reporting climate-related data to increase portfolio coverage.
- Ongoing stewardship to steer managers towards decarbonization initiatives and net zero commitments, building on successful engagements to date.
- Mapping of reported EDCI climate data to the net zero investment framework.

As of 2024, over 250 companies within APG's PE portfolio have reported having a decarbonization strategy. Though representing approximately 12% of the portfolio, this figure still marks a significant step forward given the nascency of decarbonization as a strategic PE initiative.

Asset Class: Infrastructure

APG is a leading global infrastructure investor. APG's strategy centers on acquiring substantial ownership stakes, enabling active engagement and value creation across key sectors such as energy, transport, and digital infrastructure.

water, generating electricity with minimal environmental impact.

As of Q2 2024, APG is deploying additional capital to boost production by another terawatt-hour (TWh) - enough to power around 800,000 households.

These plants support local economies, enhance energy security, and contribute to climate goals by producing clean energy with low ecological disruption. This investment reflects APG's commitment to sustainable development and a low-carbon future.

29

Sustainability is embedded in every stage of APG's infrastructure investment process, from opportunity sourcing to asset management and stakeholder engagement. APG maintains defined allocations across these themes, with a strong emphasis on climate solutions and energy transition enablers. APG exercises significant influence over company management and with co-investors, enabling the integration of robust ESG practices and long-term strategic alignment with its clients' responsible investment goals.

Scaling Clean Energy: APG's Expansion of Small-Scale Hydropower in the Nordics

Since 2015, APG has invested in small-scale hydropower in the Nordics, expanding from 20 plants to over 230 by 2024. These facilities use underground piping to divert river



Driving Sustainable Growth: APG's Investment in Southeast Asian Toll Roads

APG is a key investor in the [Indonesia Investment Authority's \(INA\)](#) toll road platform, enhancing regional connectivity and stimulating economic growth by reducing travel time and improving access to industrial hubs and ports. As of 2024, this investment also supports job creation and broader development through improved infrastructure.

With a significant governance role, APG influences the platform's structure and policies, prioritizing road safety by sharing best practices from its European toll road operations. To ensure long-term value, APG has mandated sustainability reporting through benchmarks like [GRESB](#) and transparent tracking of scopes 1 & 2 emissions. This ensures that responsible practices are embedded in the company's growth and financial success.

Implementing IIGCC's Net Zero Investment Framework and Industry Engagement

Net Zero Framework

APG's Infrastructure team aims to align its investments with the Paris Agreement by



using the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework (NZIF). This widely adopted framework assesses assets against key decarbonization objectives and maps these to five net zero maturity levels. It guides target-setting for existing, new, and in-development assets, and prioritizes higher-emission sectors like energy, utilities, and transport. For further information, refer to the most recent [NZIF 2.0 guidance](#).

Bespoke Survey Development

In early 2024, APG developed a bespoke NZIF survey after identifying gaps in existing data sources. The output analysis included asset-level heat maps, scoring, and rollups to net zero maturity scales, tools that proved invaluable for identifying areas for improvement as set out in the NZIF framework.

Collaboration with GRESB & IIGCC and Formation of Working Group

APG then engaged GRESB¹ to determine the

NZIF Net Zero Alignment Maturity Scale

Asset-level objectives	Uncommitted	Committed	Aligning	Aligned	Achieving Net Zero
1 Ambition		●	●	●	●
2 Science based targets			●	●	●
3 Disclosure			●	●	●
4 Governance			●	●	●
5 Decarbonisation plan				●	●
6 Emissions performance				●	●
Emissions below intensity requires by the sector and regional pathways for 2025					●

APG Generic Asset Level Heat Map

	Asset 1	Asset 2	Asset 3	Asset 4	Asset 5	Asset 100
1 Ambition	●	●	●	●	○	○
2 Science based targets	●	●	●	○	○	○
3 Disclosure	●	●	●	●	●	●
4 Governance	●	●	○	●	●	○
5 Decarbonisation plan	●	●	○	○	○	○
T.B.D. - more advanced objectives						
T.B.D. - more advanced objectives						

31

viability of integrating the survey into the GRESB Infrastructure Asset Assessment. The goal was three-fold: to refine the methodology in collaboration with experienced peers; to promote industry-wide NZIF alignment through GRESB's global platform; and to transfer administration and further development to an organization whose core competencies are sustainability data and benchmarks.

GRESB welcomed the initiative, launching a series of iterative cycles. Each cycle included more stakeholders for input, refinement and buy-in: the first cycle included GRESB and APG, as well as IIGCC to ensure proper alignment with NZIF intent; the second cycle involved a specially formed GRESB Foundation-IIGCC working group that included another 11 major investors; and now the basis for a granular implementation of the NZIF for

infrastructure has been submitted to the GRESB Foundation Infrastructure Standards Committee for consideration.

Next Steps

Following APG's initial in-house analysis, portfolio managers now have clearer insights into key engagement areas to drive year-on-year improvements in assets' net zero maturity.

GRESB has launched an NZIF pilot program, involving APG and other interested GRESB members, that will be completed in Q4 2025. The GRESB Foundation-IIGCC working group will also finalize and integrate the full set of questions into the 2026 GRESB Infrastructure Asset Assessment, enabling all participants to receive an NZIF alignment level. Looking further ahead the working group will continue refining the questions and output analysis - including a simplified compliance path for renewable energy assets and improving analysis for more advanced NZIF objectives.

¹ GRESB is a provider of sustainability data and benchmarks that drive informed investment decisions across real assets. Specifically, GRESB Infrastructure's dataset covers more than 167 infrastructure funds and 720 infrastructure assets across 81 markets, collectively valued at more than USD 2 trillion. APG was co-founder of GRESB in 2009.

Asset Class: Real Estate

APG is one of the largest real estate investors in the world with a diversified portfolio spread across regions, sectors and risk groups. As the sector is responsible for almost 40% of energy consumption and approximately 30% of global greenhouse gas emissions, efforts to decarbonize the global economy will have substantial implications for the real estate sector.

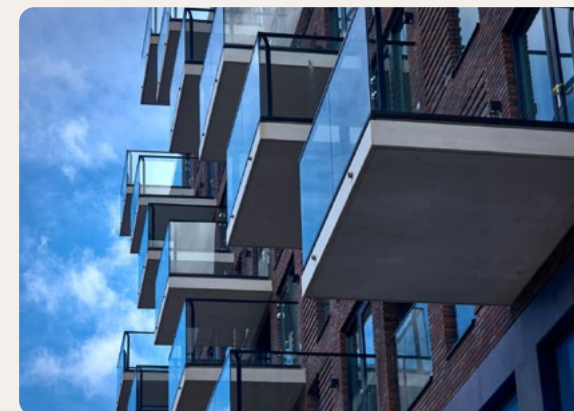
the risks linked to the decarbonization of commercial real estate.

In November 2024, CRREM announced establishment of an independent nonprofit foundation. APG will have a seat on the transition board along with PGGM and NBIM. Through this foundation, APG encourages the real estate sector to reduce its carbon emissions and manage progress against science-based 1.5°C targets, such as the CRREM tool. And for this reason, participating in CRREM remains valuable.

This relevance is further underscored by the forthcoming inclusion of buildings in the [EU Emissions Trading System \(ETS2\)](#) by 2027, which will subject the real estate sector to carbon pricing regulations comparable to those applied to heavy industries such as steel.

Global Real Estate Engagement Network (G.R.E.E.N.) and LOTUF join forces

During Climate Week in New York in September 2024, GREEN and Leaders of the Urban Future (LOTUF) teamed up to enhance climate risk



management and accelerate decarbonization in the real estate sector. They will continue their activities through a new collaborative systemic workstream, focusing on systemic change and unlocking the low-carbon real estate market. Engagement with both listed and non-listed real estate will proceed as usual. APG is a member of GREEN and has a board seat.

Affordable Housing

APG's largest client ABP and an international real estate developer have established the 'Dutch Essential Housing Venture' to develop high-quality, affordable housing in the Netherlands for starters, middle-income earners, essential workers, and retirees, including ABP pension fund participants.

APG is well-positioned to take a leading role in standard-setting and has successfully done so in the past years. It co-founded the Global Real Estate Sustainability Benchmark (GRESB) in 2009 and, in 2018, funded the expansion of the geographical scope of the [Carbon Risk Real Estate Monitor \(CRREM\)](#).

Carbon Risk Real Estate Monitor (CRREM)

CRREM is a tool which helps investors evaluate the exposure of their assets to climate risks using science-based energy intensity and carbon intensity pathways towards 2050. By establishing scientifically based carbon reduction pathways, CRREM estimates

With an initial allocation of €420 million, the venture aims to develop approximately 1,500 homes in the Randstad and other major cities, focusing on regulated and mid-rental segments.

In 2024, ABP's various affordable housing platforms together committed to four new development projects, totaling over €400 million, to create more than 1,650 new homes. These developments will feature energy-efficient solutions such as thermal energy storage, solar panels, and heat pumps, meeting stringent standards like the [BREEAM-NL In-Use](#) 'Excellent' certification. These measures collectively lower tenant housing costs and reduce carbon emissions.

2024 Proxy Season

Lemon Tree Hotels

In 2024, APG engaged with Lemon Tree Hotels on two key governance issues: increasing board gender diversity and separating the roles of Board Chair and CEO. The company had committed to achieving 30% female board representation by the end of 2024 but fell short, maintaining only 20%.

In November 2024, APG wrote to the Nomination Committee (NC) Chair and Board

Chair to confirm whether the 30% target would still be met. While the NC Chair reaffirmed this intention, separate discussions with the Board Chair, who is also the CEO and controlling shareholder, revealed that no new female directors would be appointed in the near term. The target has now been postponed to FY 2026.

This misalignment within the board and the concentration of power in a single individual raise serious governance concerns. APG views this as a collective failure of the board and

will continue to monitor the situation closely through ongoing engagement.

Engagement with Listed Real Estate Companies Through 2024 Season Letters

In early 2024, APG issued its annual season letter to a broad group of listed real estate companies worldwide. The letter outlined APG's key expectations regarding ESG practices, with a particular focus on enhanced data disclosure, alignment with the CRREM pathways, green building certifications, and

comprehensive data coverage. Additionally, the letter emphasized the importance of having a formal human rights policy in place. Several companies have since responded through follow-up meetings or written correspondence, reflecting a constructive dialogue around APG's stewardship priorities.



APG Policy Engagements

APG Policy Engagements

APG contributes to policy and standard setting initiatives internally and regionally, below are some selected examples.

Engagement with the U.S. Securities and Exchange Commission (SEC)

35

In March 2024, the [U.S. Securities and Exchange Commission \(SEC\)](#) adopted a final climate disclosure rule requiring publicly traded companies to report Scopes 1 & 2 carbon emissions, transition plans with reduction targets, and risks from physical climate-related hazards. Following immediate legal challenges, the SEC paused enforcement pending resolution. APG supports these new climate reporting requirements and, in August 2024, joined several American pension funds and investors in signing an amicus brief to the U.S. Court of Appeals for the Eighth Circuit to reinforce this position.

Taiwan

In 2024, APG conducted a strategic visit to Taipei to engage with key regulatory and market stakeholders, aiming to support Taiwan's transition toward globally aligned

ESG standards and advocate for enhanced corporate governance. A primary focus was encouraging the adoption of ISSB standards' IFRS S1 and S2 by 2026, despite concerns about implementation costs and market readiness.

Meetings with the Securities and Futures Bureau (SFB) addressed auditor independence, with APG recommending shareholder approval for audit firm appointments and stricter rotation policies. The SFB acknowledged these concerns and encouraged foreign investors to contribute through educational initiatives.

At the Taiwan Stock Exchange (TWSE), discussions centered on reforming board nomination processes and mitigating cross-shareholding risks in family-controlled firms. TWSE outlined upcoming initiatives, including an ESG Digitalization Platform to ease reporting for smaller companies and a transition of its Corporate Governance Evaluation system into an ESG-focused framework by 2026.

South Korea

APG, in collaboration with other institutional investors and the [Asian Corporate Governance Association \(ACGA\)](#), submitted a joint letter to the National Assembly advocating for amendments to the Commercial Law. The proposed reform seeks to explicitly include a duty of loyalty to all shareholders, addressing systemic governance issues that disadvantage minority investors.

Current legislation, particularly Article 382-3 of South Korea's Commercial Law, mandates loyalty to the company but omits fiduciary duties to shareholders. This legal gap enables practices that favor controlling shareholders at the expense of minority interests and undermines long-term sustainability goals. APG's advocacy aims to align boardroom accountability with the interests of all shareholders.

China

APG intensified its engagement with Chinese regulators to support the development of a globally aligned ESG framework.

During a regulatory delegation trip to Beijing, APG met with the China Securities Regulatory Commission (CSRC), the State-owned Assets Supervision and Administration Commission (SASAC), and the National Council for Social Security Fund (NCSSF), sharing its responsible investment approach and advocating for greater transparency and shareholder protection.

APG also responded to the Ministry of Finance's consultation on the draft Chinese Sustainability Disclosure Standards, supporting a mandatory ISSB-aligned reporting system by 2030. Recommendations included English-language disclosures, scenario-based risk analysis, and clearer alignment with international standards. APG is a member of the Investor Advisory Group of the ISSB because we believe in the value of globally integrated sustainability reporting standards.

Additionally, APG presented to listed companies and the China Association for Public Companies (CAPCO) to bridge investor expectations with corporate ESG practices. Regulatory progress was noted, though continued engagement is essential to ensure alignment with global norms.



India

In India, APG focused on climate transition and governance reforms in 2024. While renewable energy adoption is accelerating, the country continues to rely on thermal power to meet growing demand. APG emphasized the need for energy and battery storage infrastructure to support the next phase of the transition.

Governance discussions with the Securities and Exchange Board of India (SEBI), the

Reserve Bank of India (RBI), and the Ministry of Corporate Affairs (MCA) addressed enforcement gaps, executive pay disclosures, and shareholder rights. SEBI committed to reviewing remuneration practices, while the RBI acknowledged the need for gradual implementation of financed emissions disclosures. The MCA expressed openness to lowering the 10% shareholding threshold, considered too high for publicly listed companies, in future legislative amendments.

APG's Team Policy & Public Affairs (TPPA)

The Team Policy & Public Affairs (TPPA) at APG analyzes and interprets the legal and regulatory environment surrounding occupational pensions at both national and international levels. TPPA aims to influence this environment to maximize pension value for the participants of fund clients, while safeguarding the core principles of the Dutch second-pillar pension system: mandatory participation, collectivity, and solidarity.

By coordinating internal stakeholders and maintaining strong relationships with external parties, including ministries, political institutions, and pension industry organizations, TPPA ensures that APG and its fund clients are strategically positioned in

national and international policy discussions. The team acts as a knowledge broker, translating political developments into actionable insights and unified positions.

TPPA is active across a wide range of domestic and international policy areas. These include the transition to the new Dutch pension system by the end of 2028, the upcoming review of the IORP II Directive (Institutions for Occupational Retirement Provision Directive), the implementation of the [Climate Commitment of the Dutch Financial Sector](#), the Savings and Investments Union (SIU), and investment-related initiatives (e.g., in the areas of defense, the energy transition, start- and scale-ups, and housing).

APG's RI Strategy and Partnerships (RI S&P) Team

The Responsible Investment Strategy and Partnerships (RI S&P) team plays a central role in shaping and advancing APG's responsible investment agenda. Operating at the intersection of strategy, policy, and market engagement, the team supports the Management Board in defining and communicating APG's long-term vision for sustainable and responsible investing, aligned with both APG's corporate objectives and the evolving priorities of its pension fund clients.

Externally, the team builds and maintains strategic partnerships with peers, investor networks, standard setters, and policymakers. It represents APG in key industry forums, boards, and working groups, contributing to the development of market standards in collaboration with a wide range of APG colleagues.

In November 2024, APG actively participated in COP16, the 2024 United Nations Biodiversity Conference of the Parties to the UN Convention on Biological Diversity (CBD). This pivotal conference focused on the implementation of the Global Biodiversity Framework (GBF), bringing together representatives from 196 parties to the CBD, alongside leaders from international organizations, the private sector, and civil society. During the COP16, APG contributed to three panel discussions, offering the investor perspective on biodiversity and sustainable finance. APG also joined as an observer a roundtable with ministers and CEOs, of financial institutions, hosted by Finance for

Biodiversity, and engaged in expert workshops and stakeholder dialogues to deepen knowledge and foster collaboration.

APG's presence at COP16 built on its engagement at COP15 in Montreal in December 2022, where the GBF was adopted. This framework outlines 23 action targets for 2030 and four long-term goals for 2050, aimed at halting and reversing biodiversity loss. Investor engagement, including APG, played a critical role in securing this agreement.

APG hosted a roundtable with the [Dutch Chapter Zero](#) in 2024, facilitating a strategic dialogue with board members of Dutch companies on addressing climate change.



Voting

Exercising our Shareholder Rights

Voting at shareholders' meetings is a key tool APG uses to achieve the objectives outlined in its clients' sustainable and responsible investment (RI) policies. Engagement is the initial step to open dialogue with companies, encouraging them to align with clients' policies.

39

However, when engagement does not meet the desired results, the voting season provides APG with an opportunity to express its clients' dissatisfaction with listed companies that fail to commit to sustainability issues.

During the voting season, APG votes not only on its own behalf but also on behalf of its beneficial owners, fulfilling its fiduciary duty. In making voting decisions, APG considers its clients' policies, the specific context, and the market in which the company operates, including national corporate governance codes and local laws and regulations. Additionally, APG promotes the adoption of global best practice standards for corporate governance.

Proxy Voting Process

APG leverages an electronic proxy voting platform to efficiently manage and execute voting activities across a broad universe of portfolio companies. This platform allows to monitor upcoming annual and extraordinary shareholder meetings, evaluate meeting agendas, and make timely, well-informed voting decisions in alignment with our clients' voting policies. It also enables APG to scale our oversight and maintain consistency in voting across a large number of companies.

To support the decision-making process, APG draws on research from proxy service providers as well as insights from multiple independent research sources and input from our inhouse portfolio managers. These inputs help ensure that the voting reflects a thorough understanding of the issues at stake.

Voting Transparency

Transparency is a core principle of APG's stewardship approach. The clients disclose their voting activity, and APG publishes detailed voting records on its [website](#).

This includes listed company-specific information and statistics on how we voted on agenda items. APG believes that open disclosure strengthens accountability and reinforces its commitment to responsible investment.

APG views strong corporate governance as essential to sustainable business performance. Accordingly, it consistently exercises its voting rights on key governance matters, including board appointments and executive remuneration, at standard annual general meetings (AGMs).

Strengthened Clients' and APG's Voting Policies in 2024

As the responsible investment universe continues to evolve, integrating a broader range of ESG considerations, APG regularly updates its voting policy to reflect emerging standards and expectations. In 2024, APG expanded its voting policy by opposing the approval of Financial Statements and the ratification of Auditors (referred to as the Statutory Auditor Report in APAC) at AGMs.

This stance was taken in cases where board directors were not subject to (re-)election and the company failed to meet APG's clients' expectations in one or more of its four priority thematic areas: Climate, Nature and Biodiversity, Human Rights, and Tax.

By voting against these agenda items, APG was able to signal its dissatisfaction with companies that did not align with its clients' sustainability and RI policies, even in the absence of directors' (re-)elections.

By expanding the scope of its voting policies, APG reinforced its commitment to responsible investment, ensuring that listed companies are held accountable for their actions and commitments in this critical area.

Examples on how APG voted in the 2024 Proxy Season:

BYD Company Limited - APG opposed the approval of the financial statements and statutory auditor report because BYD's approach to climate disclosure did not meet APG's expectations. The company was also listed as a laggard on the corporate human rights benchmark.

West Coast Paper Mills Limited - APG opposed the approval of the financial statements and statutory auditor report due to the company's insufficient approach to biodiversity.

Grupo Mexico S.A.B. de C.V. - APG opposed the approval of the financial statements and statutory auditor report because the company's approach to climate disclosure did not meet expectations. Furthermore, Grupo Mexico failed to provide its audited financial statements and annual report for the most recent fiscal year.



Voting Against Board Directors in 2024

While APG generally supported the (re) appointment of board-nominated candidates in 2024, there were specific circumstances under which we voted against them. These decisions were guided by thematic priorities, some are listed below:

Climate: APG voted against the Chair of the Supervisory Board or, if not up for election, against the financial statements of companies that:

- Did not disclose CO₂ emissions (Scope 1 and 2, and Scope 3 where relevant).
- Operated in high-impact sectors without targets aligned with a 1.5°C climate pathway.

Nature & Biodiversity: In high-risk sectors, APG voted against the Chair of the Supervisory Board or the financial statements of:

- Companies involved in meat processing, cocoa, coffee, paper, palm oil, soy, or forestry and lacked anti-deforestation policies.
- Pharmaceutical firms without policies aligned with the [3Rs \(Replace, Reduce, Refine\)](#) for animal testing.
- Mining companies lacking robust environmental management systems.

Human Rights: APG voted against the Chair of the Supervisory Board or the financial statements of companies scoring 0 or 1 in the Corporate Human Rights Benchmark (CHRB), indicating inadequate human rights due diligence.

Tax: APG voted against the CFO and/or audit committee members, or the financial statements, of:

- Companies which did not meet APG's responsible tax policy.
- Companies involved in serious tax-related controversies with insufficient progress in engagement.

In 2024, APG cast its votes in accordance with country-specific laws and regulations, while also considering the broader market context in which each company operates.

In addition to legal compliance, APG may have voted against the (re)appointment of board-nominated candidates when governance practices did not align with recognized best practices. This includes instances where the board lacked a majority of independent non-executive directors, where gender diversity was insufficient, or where the roles of chair and CEO were combined. APG also considered

individual director performance, voting against candidates who have attended fewer than 75% of relevant meetings or who held an excessive number of board positions, which may have compromised their effectiveness.

Voting Against Remuneration Policies in 2024

APG generally supports a company's compensation reports and policies, provided they align with market best practices and comply with local laws and regulations. However, APG may vote against such proposals in specific circumstances. This includes cases where companies with significant climate impact fail to incorporate sustainability or climate-related performance criteria into their remuneration policies. Opposition may also arise when variable compensation lacks clearly defined targets, or when performance reviews are conducted at the discretion of the compensation committee without adequate justification.

Additional concerns include instances where bonuses or other variable payments are excessive, not sufficiently linked to company performance, or inconsistent with shareholder-approved policies. APG also votes against remuneration proposals

if companies retrospectively revalue stock options, revise performance conditions, or otherwise intervene in outcomes without valid justification.

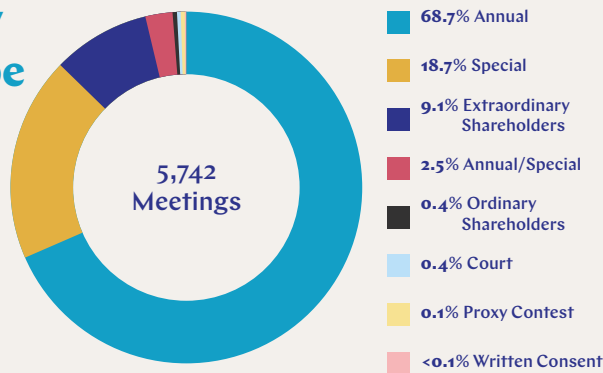
AGM Attendance in Asia

In many parts of Asia, gaining direct access to board members and independent directors to raise concerns can be challenging, making it difficult to achieve positive results via engagement alone. To address this, APG actively participated in companies' annual general meetings (AGMs) in 2024. These meetings provided a valuable platform for APG to communicate clients' expectations and strategic ambitions directly to board leadership and independent directors. For each of the engaged companies, APG conducted a thorough due diligence assessment, which enabled the identification of specific areas requiring attention.

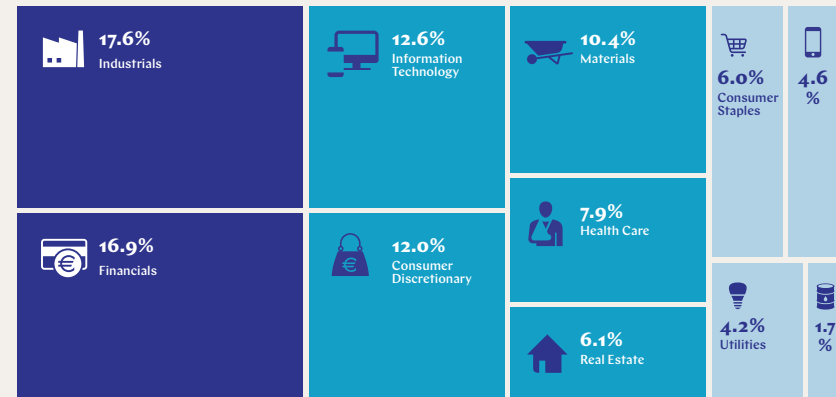
Voting Numbers 2024*

Meetings by meeting type

With 5,742 distinct company meetings available to vote, 5,710 were voted, leaving 32 unvoted.

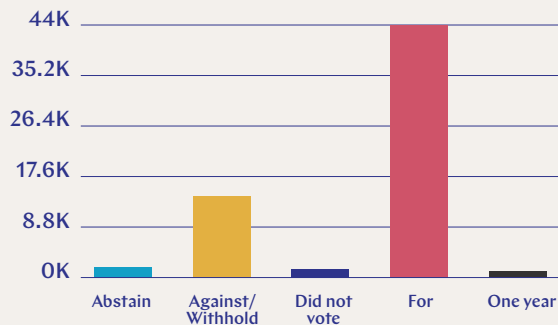


Meetings by sector

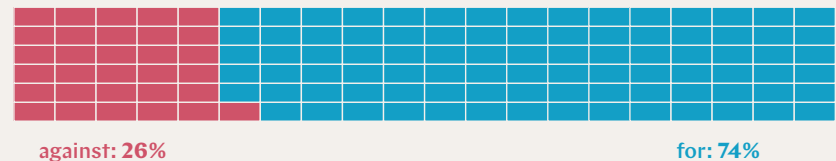


Voting statistics

Across 60,416 unique proposals available to vote, we voted 59,880.



Alignment with management



*The 2024 numbers from our VDS platform are indicative and have not been audited. They should not be used for drawing conclusions on our voting behavior and efforts. Data extracted on 22/05/2025.

Voting Highlights and Shareholder Proposals in 2024

43

During the 2024 proxy season, APG participated in 5,742 distinct company meetings, casting votes at 5,710 of them. We evaluated and voted on 60,416 unique proposals, supporting company management in 74% of cases and voting against management in 26% of instances. Here are some highlights of the 2024 Proxy Season.

Novonesis, Denmark - Assessment of Audit Committee Independence and Executive Remuneration Disclosure

Novonesis (formerly Novozymes) is a Danish BioSolutions company specializing in the production of enzymes and live microbial cultures for use in food, health, household care, bioenergy, and agriculture. It has been a Focus holding since January 2024. Prior to this, we held a significant stake in Chr. Hansen, a Danish company active in food and health cultures, which was subsequently acquired by Novozymes.

Before making our final investment decision to remain a long-term shareholder in the combined entity, we conducted extensive due diligence on Novozymes' governance framework. Our assessment identified two areas that did not align with governance best practices: the lack of independence of the audit committee chair, who represents major shareholder Novo Holdings, and the insufficient disclosure of non-financial metrics in the short-term incentive component of executive remuneration.



Ahead of the 2024 Annual General Meeting, we engaged with Novonesis Chair to discuss these concerns. We emphasized that both issues fell short of the high governance standards that both Novonesis and APG aim to uphold. In particular, we noted that the audit committee chair's lack of independence could pose a reputational risk in the event of any accounting irregularities. This engagement resulted in an agreement to revisit both topics in the third or fourth quarter of the year.

To reflect our concerns, we abstained from voting on the Novo Holdings representatives on the board, as Danish law does not permit votes against board nominations. We also abstained from voting on the remuneration report. In our voting rationale, we explicitly cited the lack of independence of the audit committee chair and stated that, should the current level of disclosure on executive remuneration persist, we would vote against the remuneration item at the next AGM.

Nike, United States – ESG-Related Shareholder Proposals

At Nike’s annual meeting held on September 10, 2024, shareholders reviewed three significant proposals. **Proposal 5** requested a comprehensive report evaluating the effectiveness of Nike’s supply chain management in achieving equity goals and upholding human rights commitments. **Proposal 6** called for an assessment of worker-driven social responsibility principles and the adoption of binding agreements to address human rights concerns in high-risk sourcing regions. **Proposal 7** sought a public disclosure detailing Nike’s failure to meet its FY15–20 sustainability targets, the company’s governance practices related to sustainability, and the strategies in place to meet future objectives.

APG expressed support for all three proposals, underscoring the critical role of transparency in both supply chain oversight and corporate governance. Although Proposals 5 and 6 were ultimately rejected, they attracted considerable investor interest. Proposal 6, in particular, received strong backing from the Platform on Living Wage Financials (PLWF) and several other asset managers. Proposal 7 secured 26.7% of the vote, reflecting ongoing

shareholder concerns regarding Nike’s sustainability performance.

In a related development, Nike announced on September 19, 2024, that Elliott Hill would succeed John Donahoe as President and CEO. This leadership transition, aimed at driving sales growth and addressing intensifying market competition, was also a topic of discussion during the meeting, along with the outgoing CEO’s compensation package.

FedEx, United States – Shareholder Proposals on Just Transition

At FedEx’s Annual General Meeting on September 23, 2024, several proposals attracted significant investor attention.



Proposal 2, an advisory vote on the approval of named executive officer compensation, was passed. However, APG has consistently voted against FedEx’s remuneration package since 2019, citing concerns about the misalignment between the CEO’s compensation, particularly equity awards, and the company’s environmental, social, and governance (ESG) objectives.

Proposals 6 and 8, although not approved, addressed critical ESG concerns. Proposal 6 called for a report on FedEx’s approach to a just transition, while Proposal 8 requested disclosure on how the company’s lobbying and policy influence align with its global commitment to carbon neutrality. APG supported both proposals and continues to encourage FedEx to provide transparency on these matters, especially in light of emerging regulatory frameworks in the United States and the European Union.

Zebra Technologies, United States - Shareholder Engagement on Executive Compensation

We engaged with Zebra Technologies regarding the Annual General Meeting agenda item proposing changes to the compensation of Executive Officers. During this engagement,

we raised several concerns, including the lack of disclosure of quantitative performance targets and the one-time award granted to the former CEO upon his transition to the role of Executive Chairman. As the discussion did not sufficiently address our concerns, we voted against the proposal.

It was notable that a majority of Zebra's shareholders also voted against this item, signaling broader investor dissatisfaction. We have scheduled a meeting with the Chair of the Compensation and Culture Committee in July 2025 to further explain our concerns and to share our perspective on how the company's executive remuneration policy can be improved. Given the level of opposition, we welcomed Zebra's proactive outreach to solicit our views.

Dexus, Australia – APG Real Estate Team Votes Against Remuneration Report

In October 2024, APG voted against the remuneration report of Dexus Australia due to the company's switch from issuing performance rights to stock options for the new CEO's long-term incentives (LTI). APG did not find a strong justification for this change. The board chair mentioned that options were simple and transparent, with a 9% per annum vesting period. Unlike previous years,

the company omitted relative share price performance for the stock options, focusing solely on absolute thresholds.

Regarding short-term incentives (STI), despite poor business performance (5-year average ROE below 5%), the KPIs were very generous, with only 60% reflecting financial performance. The remaining 40% non-financial indicators mainly included employee engagement and sustainability impact/performance. Following APG's feedback, Dexus became more specific about the non-financial sustainability metrics, but the company still failed to meet the thresholds in the 2024 Proxy Season.

Furthermore, after receiving two strikes on its remuneration report, Dexus took several steps to address shareholder concerns. Despite these efforts, Dexus' resolution for a board spill was overwhelmingly rejected by 96.46% of votes. Dexus has acknowledged the feedback from shareholders and is engaging in ongoing discussions to refine its remuneration structure. The company has already withdrawn a controversial LTI plan for the CEO and is working on addressing other specific issues.

Nestlé, India – Opposition to Royalty Rate Increase

APG opposed the proposal to increase royalty payments from Nestlé India to its global parent, Nestlé S.A., from the current 4.5% to 5.25% of net sales over the next five years. Royalty payments by Indian subsidiaries to foreign affiliates have increasingly drawn scrutiny from minority shareholders. While such payments are recognized as important for facilitating intellectual property transfer and collaboration, any proposed changes must be clearly justified.

In this case, over the past decade, royalty payments by Nestlé India have grown at a compound annual growth rate (CAGR) of 10.4%, outpacing the company's revenue and net profit growth, which stood at 7.1% and 8.8% CAGR respectively. In APG's view, the existing royalty structure of 4.5% adequately compensates for the parent company's R&D and branding contributions and the proposal lacked a compelling rationale for the increase. This view was echoed by other shareholders, and the proposal was ultimately rejected, receiving only 42% of the votes. Such an outcome is rare in the Indian market and represents a significant win for minority investors.

Concluding Remarks

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Stewardship remains a cornerstone of APG's responsible investment strategy, reflecting our commitment to long-term value creation for Dutch pension fund participants. As of year-end 2024, APG managed €616 billion in assets, and our stewardship activities, anchored in engagement and voting, played a critical role in aligning investment practices with our clients' sustainability objectives.

remained relevant and impactful in a rapidly evolving landscape.



Voting continued to serve as a powerful mechanism to reinforce our engagement priorities. APG exercised its voting rights across a broad universe of companies, guided by our clients' policies and global governance standards. When engagement did not yield sufficient progress, voting provided a formal avenue to express concerns and hold companies accountable. Our use of an electronic proxy voting platform enhanced efficiency, consistency, and transparency, while our reliance on diverse research inputs ensured

informed decision-making. Public disclosure of voting records further demonstrated our commitment to accountability and responsible ownership.

In addition to direct engagement and voting, APG amplified its influence through collaborative initiatives with other institutional investors and stakeholders. These partnerships allowed us to address systemic challenges and advocate for improved corporate practices at scale. Our participation in global forums, such as COP16 and biodiversity-focused roundtables, underscored APG's leadership in shaping the sustainable finance agenda.

Looking ahead, APG will continue to evolve its stewardship approach in response to emerging ESG risks, regulatory developments, and stakeholder expectations. We remain committed to integrating sustainability across all aspects of our investment process, leveraging stewardship as a strategic tool to safeguard long-term returns and contribute to a more resilient, inclusive, and sustainable global economy.

Throughout 2024, APG's engagement efforts were increasingly strategic, data-informed, and outcome-oriented. Our investment-led model, supported by sector specialists and embedded RI expertise, enabled us to conduct targeted dialogues with companies on material ESG issues such as climate, biodiversity, human rights, and governance.

These engagements were not only reactive to risks but also proactive in identifying opportunities for improvement and innovation. By tailoring engagement programs to client-defined themes and adapting to market developments, APG ensured that stewardship

