

Pre Contractual Disclosure for the APG Infrastructure Asset Owner Fund I C.V.

September 2023



APG Infrastructure Asset Owner Fund I C.V.

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 Infrastructure Asset Owner Fund I C.V.

Legal entity identifier: 549300GVWENIUW6XLN35

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

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

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



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

This product promotes the following E/S characteristics:

Exclusion Policy

Investments in this product adhere to the Exclusion Policy. This includes the exclusion of controversial weapons and tobacco.

Prohibited Investments

The Fund is subject to a written investment policy¹ and that takes into account the New Zealand Ministerial Letter of Expectation on climate change) that (A) prohibits investments in companies that are involved in: (i) the manufacture of tobacco; (ii) the manufacture of cluster munitions, anti-personnel mines or manufacturing or testing of nuclear explosive devices; (iii) the manufacturing of civilian automatic and semi-automatic firearms, magazines or parts; (iv) recreational cannabis; and (v) processing of whale meat, and (B) restricts investments primarily focused on fossil fuel reserve ownership, production, distribution and transportation.

GRESB

The GRESB Infra Benchmark² (GRESB Infra) score of investments in this product.

Sustainable Development Investments³

Across all APG managed Infrastructure products it is the ambition to invest 35% of the portfolio in Sustainable Development Investments, though exact percentages per product may vary

Controversy screening

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

Climate risk

Exposure to individual physical climate risk hazards for investments within this product.

Responsible Investment Policy

Presence of an RI Policy in line with the Principles of the UN Global Compact and the relevant IFC Standards.

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

- The GRESB Infra score of investments in this product is being compared to the GRESB benchmark at both investment as well as product level;
- Sustainable Development Investments (SDI) in accordance with SDI Asset Owner's Platform approach is being monitored and measured;
- 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;
- The share of investments with an RI Policy in place.

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

Sustainability indicators			
Indicator	Metric		Explanation
PAI # 1	GHG emissions	Scope 1 GHG emissions	Scope 1 and 2 GHG emissions of the investments in this product are measured and monitored.
		Scope 2 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.
PAI # 3	GHG intensity of investee companies	GHG intensity of investee companies	GHG intensity of the investments in this product is measured and monitored.
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.

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

n/a

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

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

n/a

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

n/a



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

Yes, Yes, this product considers PAI # 1, 2, 3, 4, and 5.

No



What investment strategy does this financial product follow?

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The purpose of the Fund is to provide access to exposure to global investments in infrastructure across the different asset styles ('minimal', 'constrained', 'volatility' contract styles), sectors and regions over the long term (>10 years).

The Fund will, either directly or indirectly, only invest in and make commitments to investments that meet at least some of the following criteria: long-term duration, low volatility and low correlation to other asset classes, natural monopolies with high barriers to entry and limited alternatives, low sensitivity to technological obsolescence predictable, stable and preferably inflation linked cash flows.

The Fund invests in equity and equity-related investments (e.g. preference shares, mezzanine, convertible debt) in primarily non-listed and listed infrastructure. The Fund aims to invest in infrastructure projects that are expected to generate stable and predictable returns. There is a strong focus on the sustainability of investments.

The Fund targets the following asset styles:

- Group 1: Assets with 'minimal' volatility
- Group 2: Assets with 'constrained' volatility
- Group 3: Assets with 'relatively high' volatility

A robust framework is used to classify investments based on asset specific risk factors. The key risk factors that are taken into account include revenue risk, operational risk, construction / capital expenditure risk, and leverage. Revenue risk is assessed based on price and volume volatility. Contracts, regulation and/or market volatility are all factors that influence price and volume risk.

Operational risk is evaluated by looking at the operational expenditure as part of the revenues (EBITDA margin), and how variable this expenditure is. Development capital expenditure is another factor that can have an impact on realized returns, and as such it is considered when classifying investments.

Finally, the capital structure is taken into account. The greater the ability to service the debt, the lower the expected volatility. The assessment assigns a higher or lower score to each of these risk factors depending on the magnitude of uncertainty linked to it and the expected impact of the risk factor on returns. Specific guidelines have been developed for conducting the assessment as well as a model for translating them into a group classification / asset style.

● **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?**

1. Compliance with the APG Responsible Investment Implementation Guidelines for the Infrastructure asset class, which covers the Exclusion Policy amongst others.
2. Sustainability performance will be benchmarked through the GRESB Infrastructure assessment.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

n/a

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

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Good Governance Practice	Metric	Explanation
Sound management structures	Investments take into account the UN Global Compact Principles, including Principle 10 on Anti-Corruption.	We expect all new investments to contractually commit to take into account the UN Global Compact Principles.
Employee Relations	Investments take into account the UN Global Compact Principles, including Principles 1-6 on Human Rights and Labour.	We expect all new investments to contractually commit to take into account the UN Global Compact Principles.
Tax Compliance	Investments have no significant controversies related to tax compliance.	We screen for whether investee companies have been involved in significant controversies related to accounting and taxation.
Remuneration of Staff	Investments have no significant controversies related to staff remuneration.	We screen for whether investee companies have been involved in significant controversies related to staff remuneration.



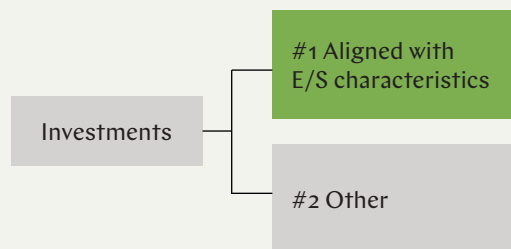
What is the asset allocation planned for this financial product?

The vast majority of investments in this financial product meet the environmental or social characteristics promoted by the financial product. Certain investments 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?**

Derivatives are only used for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (*Pensioenwet*).

● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

n/a

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy⁸ ?**

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> In fossil gas <input type="checkbox"/> In nuclear energy	

- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

n/a

- **What is the minimum share of socially sustainable investments?**

n/a



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

Derivatives and investments that are subject to engagement as they do not meet the environmental and/or social characteristics promoted by this financial product.



Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes**

n/a

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

n/a

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

n/a

- **How does the designated index differ from a relevant broad market index?**

n/a

- **Where can the methodology used for the calculation of the designated index be found?**

n/a



- **Where can I find more product specific information online?**

More product-specific information can be found on the website: [apg.nl](https://www.apg.nl).