Periodic Disclosure 2023

APG Alternative Credits Pool

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

Product name: APG Alternative Credits Pool
Legal entity identifier: 549300BUPUURJJBXUZ38

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

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It made **sustainable investments with a social objective:** ___%	☐ It **promoted Environmental/ Social (E/S) characteristics** and while it did not have a sustainable investment as its objective, it had a proportion of ___% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective ☒ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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

This product promotes the following environmental and/or social characteristics[1]:

Corporate Exclusion Policy
The Corporate Exclusion Policy applies to this product. The product does not invest in companies involved in the production, sale or distribution of:

- cluster munitions;
- anti-personnel mines;
- nuclear, chemical or biological weapons.

Furthermore, the product does not invest in companies involved in the production of:

- tobacco

The exclusion lists have been updated twice a year and communicated with the external Managers involved in this product. The attainment of this characteristic is measured with the first indicator in the next question.

Sustainable Development Investments[2]
This product actively sought for investments that contributed to the Sustainable Development Goals (SDGs). The attainment of this characteristic is measured with the second indicator in the next question.

UNGC Principles
Investments in this product adhere to the UN Global Compact Principles (Human Rights, Labor, Environment and Anti-Bribery). APG expects General Partners in legal documentation to agree to take into account the UN Global Compact Principles when making investments. This requirement applies to most investments. All new managers hired in 2023 adhered to the UN GP. There are some legacy investments to which the requirement did not apply.

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

- <u>ESG Integration</u>
  This product assessed ESG integration by managers through diligence and ongoing engagement with managers. Progress is tracked in our ESG Tracking tool and updated on an ongoing basis. This product engages with external managers to ensure that they behave consistently with their RI policy and agreed-upon ESG fund terms; to address identified gaps in their ESG practices; and to discuss other topics that may arise which in our view contribute to their ability to create and sustain long-term value. In 2023, this product completed a Planet RI scorecard for each external manager.

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[1] For more information about the Corporate Exclusion Policy, Corporate Inclusion Policy and the Sustainable Development Investments approach, please see: https://apg.nl/en/about-apg/asset-management/responsible-investment/.
[2] Please note that Sustainable Development Investments do not constitute investments as defined by SFDR.

- ESG Transparency
  This product required annual reporting by external managers on ESG integration through completing an annual APG ESG questionnaire. This requirement applies to most investments. There are some legacy investments to which the requirement did not apply. All new managers hired in 2023 adhered to this requirement.

PRI Signatories
This product encourages external managers to become signatories to the UN Principles for Responsible Investing. All new managers hired in 2023 adhered to this requirement.

Identification of Severe ESG Incidents
In 2023, this product used an external service provider platform to identify severe ESG incidents. Also this product required the external managers to report any controversies or material incidents relating to ESG. The external managers were also requested to provide information on any corrective action that has been taken in respect thereof, following up with regular updates until the incident has been resolved.

How did the sustainability indicators perform?

Sustainability Indicator	Description	Metric	Observations over reporting period	Observations over prior reporting period
Corporate Exclusion Policy	The sustainability indicator to measure adherence to the Exclusion Policy is the absence of excluded products/ companies in this financial product.	Based on the Exclusion Policy, no investments in controversial weapons or other excluded products/ companies are made.	All managers have confirmed implementation of the latest exclusion policy, which includes no controversial weapons and tobacco.	All managers have confirmed implementation of the latest exclusion policy, which includes no controversial weapons and tobacco.
Sustainable Development Investments	The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.	The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.	4.3% of NAV This number is the average % over 2023.	3.6% of NAV This number is the average % over the first 3 quarters of 2022.
UNGC Principles	The sustainability indicator to measure this E/S characteristic is the share of managers who agreed to take into account the UN Global Compact Principles when making investments.	The sustainability indicator to measure this E/S characteristic is the share of managers who agreed to take into account the UN Global Compact Principles when making investments.	95% of funds have agreed in legal documentation to take into account the UN Global Compact Principles when making investments. There is one legacy investment (1% of NAV) where this does not apply.	95% of funds have agreed in legal documentation to take into account the UN Global Compact Principles when making investments. There is one legacy investment (10% of NAV) where this does not apply.

ESG Integration	The sustainability indicator to measure attainment of this E/S characteristic is whether the managers have complied with conditions and recommendation s from the investment approval and how the external managers have been scored in the annual Planet RI scorecard.	The sustainability indicator to measure attainment of this E/S characteristic is whether the managers have complied with conditions and recommendations from the investment approval and how the external managers have been scored in the annual Planet RI scorecard.	The conditions from the investment proposals have been met for 86% of funds. One fund is in progress of meeting the conditions (5% of total funds). There are legacy funds where the conditions were not applicable (9% of total funds). We are engaging with managers on the recommendations from the investment proposals. In 2023, we have completed a Planet RI scorecard for all funds in the product (scale 0-5). 5% of funds were rated 4 and higher. 14% of funds were rated between 3 and 4. There is one recent fund initiated at the end of 2023 where the scorecard was not conducted (5% of total funds).	The conditions from the investment proposals have been met for 89% of funds. There are legacy funds where the conditions were not applicable (11% of total funds). We are engaging with managers on the recommendations from the investment proposals. In 2022, we have developed a Planet RI scorecard for all funds in the product (scale 0-5). 25% of funds were rated 4 and higher. 31% of funds were rated between 3 and 4. There are recent funds initiated at the end of 2022 where the scorecard was not conducted (16% of total funds).
ESG Transparency	The sustainability indicator to measure the attainment of this E/S characteristic is the percentage of managers reporting to us on ESG.	The sustainability indicator to measure the attainment of this E/S characteristic is the percentage of managers reporting to us on ESG.	19% of the funds reported on ESG in 2023. 57% of the funds are due to report on 2023 in 2024. The remaining funds were initiated at the end of 2023 (and are expected to report in 2024) or are legacy investments (where the ESG reporting was not applicable at that point in time).	47% of the funds reported on ESG in 2022. 21% of the funds are due to report on 2022 in 2023. The remaining funds were initiated at the end of 2022 (and are expected to report in 2023) or are legacy investments (where the ESG reporting was not applicable at that point in time).
PRI Signatories	The sustainability indicator to measure this E/S characteristic is the share of managers who are signatories to	The sustainability indicator to measure this E/S characteristic is the share of managers who are signatories to the	100% of the managers	100% of the managers

	the UN Principles for Responsible Investing.	UN Principles for Responsible Investing.		
Identification of severe ESG incidents	On a quarterly basis this product reports the aggregated number of severe incidents to the clients.	On a quarterly basis this product reports the aggregated number of severe incidents to the clients.	The clients of this product have been notified on the aggregated number of severe & very severe incidents on a quarterly basis in 2023.	The clients of this product have been notified on the aggregated number of severe & very severe incidents on a quarterly basis in 2022.

... and compared to previous periods?

See above.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

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

Not applicable.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

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

Not applicable.

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

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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

Sustainability Indicators			
Indicator	*Metric*	*Explanation*	*Observations/data over the reporting period*
PAI # 10	Violations of UN Global Compact principles and Organization for Economic Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Cooperation and Development (OECD) Guidelines for Multinational Enterprises.	Companies are monitored using a third party data provider for violations of the Global Compact and OECD Guidelines.	There were no companies identified in violation of the UN Global Compact and /or OECD Guidelines as of Q4 2023
PAI # 11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Based on legal the documentation (i.e. side letter provisions) external managers have agreed to take into account the UN Global Compact Principles in connection with each portfolio investment, subject to its fiduciary obligations to the partnership and its obligations under the express terms of the partnership agreement. This requirement applies to most investments. There are some legacy investments to which the requirement did not apply.	We have been monitoring the external managers on compliance mechanisms during the reporting year No investments were made over the period for which this obliga-tion was waived.
PAI # 14	Exposure to controversial weapons	Based on the Corporate Exclusion Policy, no investments in controversial weapons are made.	No investments in controversial weapons were made i.e., 0% exposure.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2023.**

What were the top investments of this financial product?

#	Largest investments	Sector	Country	% Assets
1	Ares European Credits Strategies Fund III (A) L.P.	Various	Cayman Islands	12.0%
2	Fasanara Investments III S.A., SICAV-RAIF - Digital Receivables Fund	Various	Luxembourg	10.0%
3	Angel Oak Mortgage Fund EU B LLC	Various	Cayman Islands	7.8%
4	LCM Partners CO Ib SLP	Various	Luxembourg	7.7%
5	Private Debt SMA (A) SLP	Various	Luxembourg	7.4%
6	Owl Rock Opportunistic Fund (A), L.P.	Various	United States	6.8%

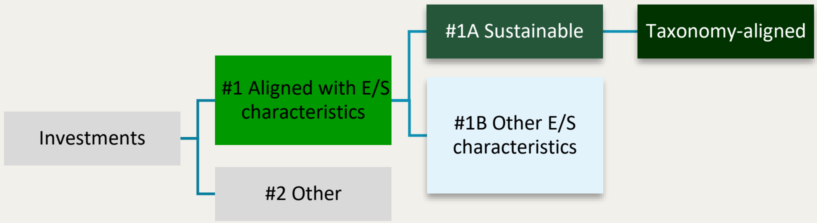
The top investments are calculated based on a quarterly average as a percentage of Net Asset Value. The country is the country of domicile of the fund.

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

The asset allocation of this product is split between investments "aligned with E&S characteristics" (100.0%) and "other" (0.0%). The values are calculated based on a quarterly average as a percentage of Net Asset Value.



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

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

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Sector	% Assets
Financials	48.8%
Consumer Discretionary	13.1%
Information Technology	12.1%
Industrials	9.5%
Health Care	6.0%
Communication Services	3.7%
Real Estate	3.1%
Consumer Staples	1.4%
Materials	1.3%
Utilities	0.6%
Energy	0.4%

The sectors are calculated based on Q3 2023 as a percentage of Gross Asset Value. This product has 0.4% exposure to the fossil fuel sector.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing 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.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Through its investments, the product contributes to the following environmental objectives as set out in article 9 of the EU Taxonomy:
- climate change mitigation: 0.0%
- climate change adaptation: 0.0%

The figures provide the share of taxonomy aligned activities as a share of turnover. The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the company did not publicly report on their taxonomy-alignment, equivalent information where obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

- ***Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?***

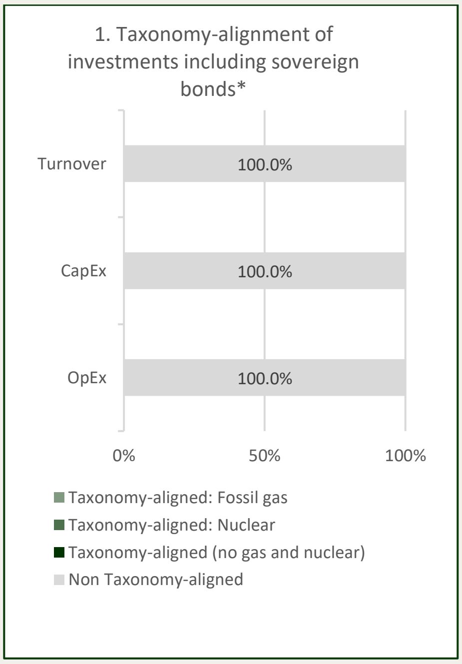
☐ Yes:

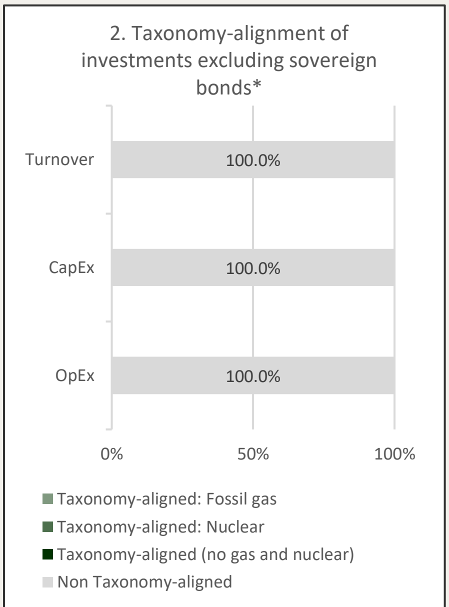
☐ In fossil gas ☐ In nuclear energy

☒ No

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds**.





This graph represents 100.0% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*
*** For the purpose of readability, the shaded areas in the graph are zoomed in. The size of these areas therefore no longer matches their relative proportion compared to the total.*

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies did not publicly report on their taxonomy-alignment, equivalent information were obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

What was the share of investments made in transitional and enabling activities?

The product invested 0.0% of its investments in enabling activities and 0.0% in transitional activities.

The figures provide the share of taxonomy aligned transitional and enabling activities as a share of turnover. The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies did not publicly report on their taxonomy-alignment, equivalent information where obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.

What was the share of socially sustainable investments?

Not applicable.

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

In this Pool, only derivatives fall under "Other". All such derivatives would be considered for inclusion in the portfolio using the same considerations listed above.

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

Exclusion Policy
The exclusion lists have been updates twice a year and communicated with the external managers involved in this product.

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

ESG Integration and Transparency
APG AM engaged with the managers on environmental and social matters at multiple points in the investment cycle.

- Engaged during underwriting and due diligence.
- Monitored and actively engaged on ESG, e.g. climate risks, UN PRI, special servicing, to (1) establish that the manager acts in a manner consistent with its responsible investment policy and agreed upon ESG terms, (2) address gaps in manager ESG practices, and (3) discuss other topics which in our view contribute to their ability to create and sustain long-term value.

- In 2023 the ESG scorecards were amended and new items were expanded from 7 items to 16 items emphasizing the increased importance of ESG and RI Policy in the assessment of external managers.

Other

Other binding requirements were in place to (for fund investments as of 2020):

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

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

How does the reference benchmark differ from a broad market index?

Not applicable.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable.

How did this financial product perform compared with the reference benchmark?

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.