

Pre Contractual Disclosure for the APG Strategic Real Estate Pool¹

September 2023

1) The disclosures in this document solely relate to APG AM's alternative investment funds ('Pools') and is prepared in accordance with art. 10 of the Sustainable Finance Disclosure Regulation (EU/2019/2088)



APG Strategic Real Estate Pool

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

Product name: APG Strategic Real Estate Pool

Legal entity identifier: 5493000OH2JWBTM3J026

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 environmental and/or social characteristics²⁾:

Corporate Exclusion Policy

Investments in this product adhere to the Corporate Exclusion Policy.

Corporate Inclusion Policy

The Corporate Inclusion Policy applies to the listed investments in this product.

GRESB³⁾

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

CRREM⁴⁾

Performance of the investments in this product against CRREM pathways.

Green building certification

The green building certifications of the investments in this product.

Sustainable Development Investments⁵⁾

An ambition applies to this product to actively seek investments on a best efforts basis that contribute to the Sustainable Development Goals.

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.

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

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

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

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

- The absence of excluded products/companies in this financial product;
- The share of leaders in the product, based on the Corporate Inclusion Policy methodology;
- The GRESB score of investments in this product is being compared to the GRESB benchmark at both investment as well as product level;
- Asset/vehicle level performance against CRREM pathways (www.crrem.eu and

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

3) [GRESB | Global ESG Benchmark for Real Assets](#)

4) [CRREM - Make decarbonisation measurable & Manage Carbon Risk](#) and [Home - CRREM Global](#)

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

www.crrem.org) is being monitored and measured at both investment as well as product level;

- The share of green building certification of assets in operation is being monitored and measured;
- The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product;
- Structured monitoring and quarterly reporting on (severe) controversies for investments within this product;
- Structured monitoring and measurement of exposure to individual physical climate risk hazards for investments within this product;
- Structured monitoring and measurement of investments with an anti-bribery & anti-corruption policy as well as a whistle blower program in place.

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

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

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

Social

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

Indicator	Metric		Explanation
PAI # 10	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Monitored but not measured, as the definition is currently insufficiently clear. Breaches will be followed up by engagement and reporting on breaches and engagements will be shared with clients on a quarterly basis or on demand. In order to mitigate any breaches, anti-bribery & anti-corruption policies are required as well as a whistleblower program.
PAI # 11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Based on the Corporate Inclusion Policy, investments in this product are assessed on the presence of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises. This includes the requirement to have an anti-bribery & anti-corruption policy in place, as well as a whistleblower program.
PAI # 12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Not measured or monitored. This is currently not a regulatory requirement, resulting in limited data availability.
PAI # 13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Monitored but not measured for private investments. For listed investments this is being monitored and measured whilst also informing our voting decisions.
PAI # 14	Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Based on the Exclusion Policy, no investments in controversial weapons are allowed to be made. For private investments this requirement is also included in the standard legal provisions.

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



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

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

● **What 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 Real Estate asset class, which covers the Exclusion Policy, Inclusion Policy, Remuneration Guidelines, Corporate Governance Framework and Stewardship Policy.
2. Sustainability performance will be benchmarked through GRESB. Furthermore, initiatives will be undertaken to measure Paris alignment through CRREM pathways, incorporate physical climate risks in the investment process and promote and increase green building certification.

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

The table below sets out the GGP test for investments in this product.

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

SFDR GGP	Metric	Explanation	Thresholds for failing the GGP Test
Sound management structures	Investments take into account the UN Global Compact Principles, including Principle 10 on Anti-Corruption.	We expect all new (private) investments to contractually commit to take into account the UN Global Compact Principles.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.
Employee Relations	Investments take into account the UN Global Compact Principles, including Principles 1-6 on Human Rights and Labour.	We expect all new (private) investments to contractually commit to take into account the UN Global Compact Principles.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.
Tax Compliance	Investments have no significant controversies related to tax compliance.	We screen for whether investee companies have been involved in significant controversies related to accounting and taxation.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/ investee entity does not result in timely remediation of issue.

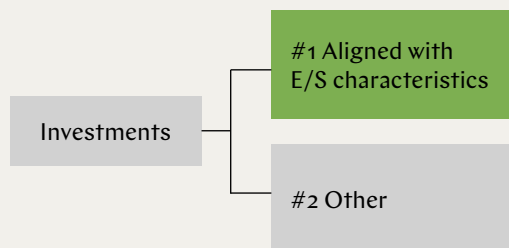
Remuneration of Staff	Investments have no significant controversies related to staff remuneration.	We screen for whether investee companies have been involved in significant controversies related to staff remuneration.	ESG incident reported/RepRisk controversy threshold crossed + engagement with external manager/investee entity does not result in timely remediation of issue.
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What is the asset allocation planned for this financial product?

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

The minimum proportion of investments in this financial product that meet the environmental or social characteristics promoted by the financial product is 50%. The remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments constitute exposure to investments that do not meet our minimum requirements, debt-related real estate investments and/or exposures to real estate related businesses, and derivatives.



#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.

Asset allocation describes the share of investments in specific assets.

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.

● **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). Derivatives use shall comply with the Manager's counterparty policy, collateral policy, liquidity policy and market risk policy.



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

Exposure to investments that do not meet our minimum requirements, exposure to real estate (related) debt, held directly and indirectly and/or exposure to real estate related businesses, and derivatives.



Where can I find more product specific information online?

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