

Mandatory Website Disclosure for the APG Global Developed Real Estate RI index Pool

September 2023

APG Global Developed Real Estate RI index Pool

Mandatory website sections

a) 'Summary'

The purpose of the Pool is to provide access to a diversified portfolio of equity and equity related products of listed real estate entities established or otherwise predominantly active in developed markets and to provide a return that is similar to the benchmark. The benchmark incorporates leading ESG investment approaches in a risk controlled framework

SFDR classification and environmental and/or social (E/S) characteristics

The Global Real Estate RI Index Pool is identified as an SFDR Art. 8 product (light green). The Pool promotes environmental and social characteristics but does not have sustainable investments as its objective (SFDR Art. 9).

The Pool promotes the following environmental and/or social (E/S) characteristics:

- Corporate Exclusion Policy
- Corporate Inclusion Policy
- GRESB
- RepRisk
- CRREM¹
- Sustainable Development Investments²
- Controversy screening
- Climate risk
- Anti-bribery & anti-corruption and whistle-blower program

Benchmark

The benchmark is a weighted composite of various regional property indices:

- iSTOXX APG Developed Real Estate CRREM Aligned RI index, total return (gross dividends) unhedged in Euro.Americas: FTSE EPRA/NAREIT Developed North America Index.

b) 'No sustainable investment objective'

This Pool promotes environmental and/or social characteristics but does not have sustainable investments as its objective.

1) www.crrem.eu and www.crrem.org.

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

c) 'Environmental or social characteristics of the financial product'

This Pool promotes the following environmental and/or social characteristics:

- Corporate Exclusion Policy - Investments in this Pool adhere to the Corporate Exclusion Policy.
- Corporate Inclusion Policy - The Corporate Inclusion Policy applies to the listed investments in this Pool.
- GRESB -GRESB scores of the investments in this Pool.
- CRREM - Performance of the investments in this Pool against CREEM pathways.
- RepRisk - RepRisk Rating has been considered
- Sustainable Development Investments - An ambition to actively seek investments on a best-efforts basis that contribute to the Sustainable Development Goals.
- Controversy screening - Investments in this Pool are structurally monitored for involvement in (severe) controversies.
- Climate risk management- Exposure to individual physical climate-risk hazards for investments within this Pool.
- Anti-bribery & anti-corruption and whistleblower program - Presence of anti-bribery & anti-corruption policy and whistleblower program.

d) 'Investment strategy'

The purpose of the Pool is to provide access to a diversified portfolio of equity and equity related products of listed real estate entities established or otherwise predominantly active in developed markets and to provide a return that is similar to the benchmark. The benchmark incorporates leading ESG investment approaches in a risk controlled framework

The following non-exhaustive list of good governance practices are considered before making listed investments in this Pool. Additional good governance practices are assessed as part of the due diligence and assessment processes for investee companies in this Pool. For example, all investee companies in this Pool are assessed on their corporate governance practices, including corporate structure, board composition and remuneration, before making an investment.

Indicator	SFDR Good governance practice	Description
Bribery & Corruption	Sound management structures	This indicator provides an assessment of the quality of the company's programs to combat bribery and corruption.
Business Ethics	Sound management structures	This indicator assesses whether a company has been involved in business ethics-related controversies.
ESG Governance	Sound management structures	This indicator reviews how responsibilities for ESG issues are assigned within the company.
Employees Human Rights	Employee relations	This indicator assesses whether a company has been involved in human rights-related controversies with its employees (e.g. forced labor).

Labor relations	Employee relations	This indicator assesses whether a company has been involved in labor relations controversies (e.g. labor standards).
Health and safety management system	Employee relations	This indicator assesses the strength of the company's initiatives to manage employee health and safety and prevent accidents and occupational illnesses.
Remuneration scheme of staff	Remuneration of staff	This indicator assesses whether the remuneration scheme is aligned with the interests of investors.
Accounting & Taxation	Tax compliance	This indicator assesses whether a company has been involved in accounting and taxation-related controversies.

e) 'Proportion of investments'

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

f) 'Monitoring of environmental or social characteristics'

The Real Estate Responsible Investment Implementation Guidelines outline the different RI policies and approaches which apply to this specific Pool. The E/S characteristics and the sustainability indicators used to measure how these are achieved are described in the summary descriptions of the different responsible investment (RI) policies and approaches which apply to this Pool, such as the Exclusion Policy, the Inclusion Policy and the Sustainable Development Investments, all of which can be found on the APG AM website.

These summary descriptions also describe the governance on how each of the RI policies and approaches which apply to this Pool are implemented.

Detailed processes for the implementation of the RI policies and approaches are described in the internal Business Process Manuals (BPMs) which set out in detail how the consistent and effective implementation of the RI policies and approaches is monitored and ensured.

The BPMs also include detailed descriptions of the processes, risks and control mechanisms for implementing the RI policies. These descriptions include the monitoring of the sustainability indicators which are measured under these policies and approaches.

Internal control mechanisms for the monitoring and attainment of the E/S characteristics require the Global Responsible Investment and Governance (GRIG) team to annually test the key controls and/or ISAE controls set for each RI policy implementation process; a procedure that is monitored and reviewed by Enterprise Risk Management. In addition, the external auditor annually tests and validates the key controls and/or ISAE controls.

g) ‘Methodologies for environmental or social characteristics’

The methodologies used to measure the attainment of the E/S characteristics are described in the summary descriptions of the different responsible investment (RI) policies and approaches that apply to this Pool and can be found on the APG AM website.

APG AM maintains descriptions of the methodologies for measuring E/S characteristics for each of the RI policies, including the data and methodology used.

h) ‘Data sources and processing’

To attain the E/S characteristics promoted by this Pool we use data from external data providers such as Sustainalytics, MSCI, ISS, SDI Asset Owner Platform (AOP), GRESB, RepRisk, Verisk Maplecroft, 427, and green building certification schemes.

APG AM has internal BPMs in place for each of the RI policies which set out in detail how the consistent and effective implementation of these policies - and the methodologies used - is monitored and ensured.

This includes a description of how the data quality is ensured, how data is processed, and where relevant what proportion of this data is estimated.

i) ‘Limitations to methodologies and data’

Sustainability-related data is still less mature than regular financial data and qualitative performance assessments are often translated into numeric values. Generally, we recognize the limitations of the methodologies and data sources for sustainability-related data such as the lack of consistent and transparent measurement methodologies and data assessment processes, and the limited availability, comparability and quality of data.

The limitations to the methodologies used to attain the E/S characteristics promoted by the Pool are described in the internal (BPMs for each of the RI policies which apply to this Pool, and which set out in detail how the consistent and effective implementation of these policies - and the methodologies used - is monitored and ensured.

j) 'Due diligence'

Sustainability risks are identified, assessed, mitigated (when possible) and managed throughout the investment process. They are initially identified at the investment stage. Initial identification of potential sustainability risks is carried out using a number of tools. These include GRESB assessment (if available), Institutional Shareholder Services (ISS) and RepRisk screening. Transition risk is assessed through CRREM and translated into the investment underwriting. Physical climate risk is assessed using APG's RE Physical Climate Risk Model.

Further sustainability-related due diligence processes which apply to this Pool involve those described in the Real Estate RI Implementation Guidelines and the internal BPMs for the applicable RI policies and approaches.

If material sustainability risks are identified at the outset, APG may choose not to invest, or if assessed as addressable, APG will engage with the investee to address these concerns and define steps to achieve improvements.

k) 'Engagement policies'

The engagement policies which apply to this Pool are described in the APG AM Responsible Investment & Stewardship Policy which sets out how APG AM carries out its stewardship responsibilities such as engagement, monitoring, voting, collaboration and market engagement. The APG AM Responsible Investment & Stewardship Policy, which can be found on our website, also describes the governance and management of responsible investing.

l) 'Designated reference benchmark'

Not Applicable.