

# Periodic Disclosure 2024

APG Emerging Markets Debt 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 Emerging Markets Debt Pool

**Legal entity identifier:** 54930083ZPJ1Q49UCC72

**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?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> ____% <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 made <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have a sustainable investment as its objective, it had a proportion of ____% of sustainable investments <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 promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**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:

### **Exclusion Policy**

We do not invest in companies and countries that carry out certain (undesirable) activities. The exclusion list was updated twice and communicated with:

- External managers involved in this product;
- APG portfolio managers.

Throughout the year, no breaches of the exclusion policy occurred.

Sustainability indicators #1 until #4 relate to this E/S characteristic.

### **Contribution to SDGs**

We assess how the products and services of our investments contribute to the achievement of the Sustainable Development Goals (SDGs), such as sustainable energy, safe and sustainable cities, decent work and economic growth, and health and well-being. When companies contribute to these goals with their products and services, our investments in those companies are considered to be Sustainable Development Investments (SDIs).

Sustainability indicator #5 relates to this E/S characteristic.

### **ESG-integration**

As per December 1st, 2024, the revised inclusion policy applies to the listed equity investments in this product based on which we assess whether companies meet our expectations on ESG on:

- a) Climate
- b) Nature, Circularity & Biodiversity
- c) Human & Labour rights
- d) Business Integrity
- e) Investor Alignment

Sustainability indicators #6 and #7 relate to this E/S characteristic.

### **Reference Benchmark**

No reference benchmark is used to determine whether this financial product is aligned with all the environmental and/or social characteristics that it promotes.

● **How did the sustainability indicators perform?**

E/S characteristic	#	Sustainability Indicator	Observations over reporting period	Observations over prior reporting period
<b>1. Exclusion Policy</b>	1	Exposure to investments in bonds of countries subject to a binding UN and/or EU arms embargo.	<b>No</b> investments in government bonds of countries subject to a binding UN/EU arms embargo.	No investments in government bonds of countries subject to a binding UN/EU arms embargo.
	2	Exposure to controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).  Related to PAI indicator 14	<b>No</b> investments were made in companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).	No investments were made in companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).
	3	Exposure to companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.	<b>No</b> investments were made in companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.	No investments were made in companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.
	4	Exposure to companies involved in the production of tobacco.	<b>No</b> investments were made in companies involved in the production of tobacco.	No investments were made in companies involved in the production of tobacco.
<b>2. Contribution to SDGs</b>	5	Percentage of Sustainable Development Investment according to the SDI-AOP methodology.	3.4% (Reference date Q3 2024) Average over four quarters	1,8% (Reference date Q3 2023) Average over four quarters
<b>3. ESG-integration</b>	6	Number of companies in the portfolio that do not meet our minimum ESG-criteria.	No investments were made in companies that do not meet our minimum ESG-criteria.	New indicator in 2024, as such no data was available for 2023.
	7	Violations of the of the UN Global Compact Principles or the OECD Guidelines.	No investments were made in companies that violated the UNGC	No investments were made in companies that violated the UNGC principles and

		Related to PAI indicator 10	principles and OECD Guidelines.	OECD Guidelines.
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The reported sustainability indicators can differ from the sustainability indicators that were included in prior reporting period. A prior year comparison can only be made for the sustainability indicators that are currently included.

**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.



### ***... and compared to previous periods?***

Refer to the table above for a comparison with the previous period.



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

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.

*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?

This product considers PAI #10 and PAI #14. Please refer to the E/S characteristics section on further details on how these PAI indicators are considered.



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2024**.

## What were the top investments of this financial product?

#	Largest investments	Sector	Country	% Assets
1	Federative Republic of Brazil	Government	Brazil	8.7
2	United Mexican States	Government	Mexico	8.2
3	Republic of Indonesia	Government	Indonesia	7.6
4	Republic of South Africa	Government	South Africa	6.9
5	Republic of Colombia	Government	Colombia	6.6
6	Federation of Malaysia	Government	Malaysia	4.9
7	Republic of Poland	Government	Poland	4.8
8	Republic of Peru	Government	Peru	3.6

The top investments are calculated based on a quarterly average as a percentage of Net Asset Value.

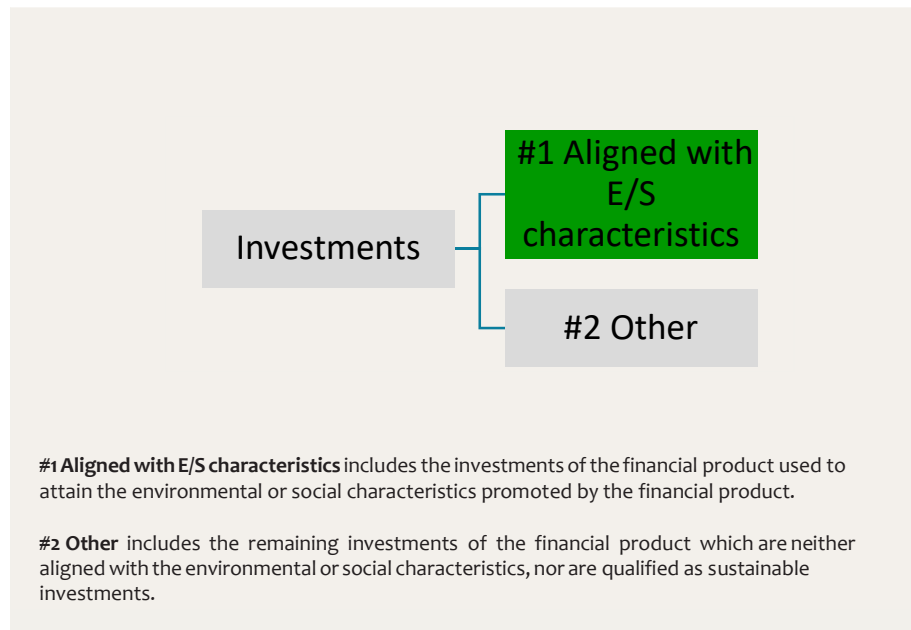


**Asset allocation** describes the share of investments in specific assets.

## 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%) and “other” (0.0%). The values are calculated based on a quarterly average as a percentage of Net Asset Value.



### *In which economic sectors were the investments made?*

Sector	% Assets
Financial institutions	5.2
Government	94.8

The sectors are calculated based on a quarterly average as a percentage of Net Asset Value. This product does not have exposure to companies active in the fossil fuel sector.



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

No EU Taxonomy aligned investments are held by this product.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

☐ Yes:
 ☐ In fossil gas
 ☐ In nuclear energy

☒ No

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.

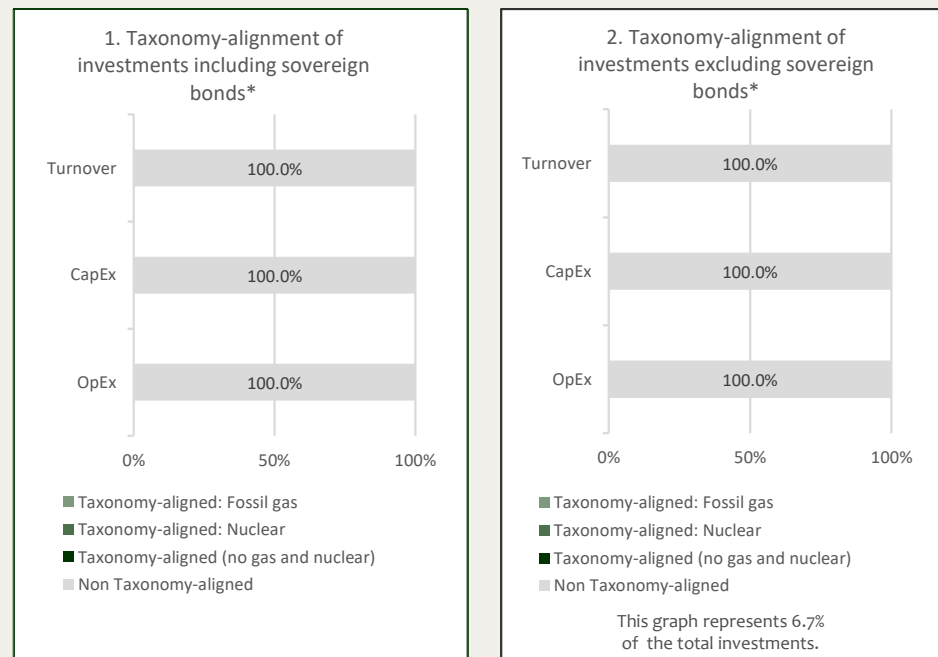
Taxonomy-aligned activities are expressed as a share of:

- **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.

<sup>1</sup> 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\*\*.



\* 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.

The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies/issuers did not publicly report on their taxonomy-alignment, equivalent information were obtained from a third party data provider.

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

No EU Taxonomy aligned investments are held by this product.



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.

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

The following table shows the percentages of EU Taxonomy-aligned investments (no gas and nuclear) including sovereign bonds for previous reference periods.

	2023	2022	2021	2020	2019
Turnover	0.0%	n.a.	n.a.	n.a.	n.a.
CapEx	0.0%	n.a.	n.a.	n.a.	n.a.
OpEx	0.0%	n.a.	n.a.	n.a.	n.a.



### 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?

Investments included under “#2 Other” are bank accounts and derivatives. There are no minimum environmental and social safeguards.



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

#### Exclusion Policy

The exclusion lists have been updated twice a year and communicated with:

- External Managers involved in this product
- APG portfolio managers.

#### ESG Integration

- UNGC violators are marked as permanent laggards and are divested from.
- Companies lagging on climate are excluded.
- Companies excluded based on the inclusion policy are added to the exclusion list and communicated with the benchmark provider and with the external managers.
- The manager only invests in leaders and in non-permanent laggards with which the manager engages on the issue(s) causing the laggard status.
- ESG risk monitoring was executed as part of the Country risk monitoring

### Sustainable Development Investments

In current year the product was, where possible, seeking to invest in Sustainable Development Investment without interfering with the risk/return characteristics of the product. When possible, the product chose an SDI investment over a non-SDI investment, when risk/return characteristics were aligned between the two investments. The EMD product gains exposure to SDIs by investing in labelled bonds to sustainable projects. Labelled bonds (such as Green, Social and Sustainable Bonds) can contribute to the UN Sustainable Development Goals. Green, Social and Sustainable bonds are use of proceeds issuances where the proceeds are used to finance or refinance green or social (or a combination) projects or activities. The eligible expenditures are assessed on alignment with the objectives of the UN Sustainable Development Goals (SDI AOP Taxonomy & Guidance) and the frameworks comply with the market convention which is based on the International Capital Market Association (ICMA) green bond principles. The EMD team assesses the frameworks underlying and relevant documentation, such as the availability of a second party opinion and impact and allocation reports.



**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?**

Not applicable.