

Periodic Disclosure for the APG Emerging Markets Debt Pool

July 2023



7. APG Emerging Markets Debt Pool

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: 54930083ZPJIQ49UCC72

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 lay down 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 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 made sustainable investments with a social objective: ___%	<input type="checkbox"/> 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 <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 promoted E/S characteristics, but did not make any sustainable investments



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

The following E/S characteristics were promoted:

- Corporate and Sovereign Exclusion Policy
- Corporate Inclusion Policy

Sustainable Development Investments¹

The product invests partly in Green, Social and Sustainable bonds which contribute to the Sustainable Development Goals.

- For Corporates:

Sustainability Indicators	
Indicator	Characteristics
PAI # 10	Violation of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
PAI # 14	Exposure to controversial weapons

- This product applies an active engagement policy to engage on key governance topics related to social and employee matters, respect for human rights, anti-corruption, and anti-bribery.
- For Sovereigns:
 - This product excludes bonds issued by countries that are on the EU and UN weapon embargo list.
 - This product measures and monitors the carbon footprint of the portfolio, which relates to PAI # 15 although the formula used is materially different than prescribed by the SFDR.
 - Climate risk for sovereigns is measured and monitored at client portfolio level. As part of this process, this product measures and monitors climate risk exposure in the form of physical and transition risks.

¹Please note that Sustainable Development Investments do not constitute sustainable investments as defined by SFDR.

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

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

Sustainability Indicator	Description	Metric	Observations over reporting period
Sovereign Exclusion Policy	<p>The sustainability indicator to measure adherence to the Exclusion Policy applicable to clients invested in the EMD FGR:</p> <ul style="list-style-type: none"> Absence of investments in bonds issued by countries that are subject to an arms embargo by the UN Security Council and/or European Union. Absence of investments in bonds issued by countries that are among the 10% worst performers on Voice & Accountability in the World Bank's governance indicators 	Share of portfolio in excluded countries	<p>We applied the exclusion policy and did not make any investments in the excluded countries.</p> <p>The share of portfolio in excluded countries was at all time 0% during the year 2022.</p>
Corporate Inclusion Policy	This product applies an active engagement policy to engage on key governance topics such as: social and employee matters, respect for human rights, anti-corruption and anti-bribery.	The sustainability indicator to measure adherence to the Corporate Inclusion Policy is the share of companies classified as Laggards or No Data in the product, based on the Corporate Inclusion Policy methodology.	0%
Sustainable Development Investments	The exposure to countries and government related bonds which contribute to the UN Sustainable Development Goals (SDGs) are measured for this product.	The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.	<p>Pending</p> <p>Q4 2022 results not yet available.</p>
Climate risk	Climate risk for sovereigns is measured and monitored.	The product measures and monitors climate risk exposure to physical and transition risks.	The metrics are reported to clients for their total portfolio and not at individual products.



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.

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

Principal Adverse Sustainability Indicators				
Indicator	Metric		Explanation	Outcome
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	Based on the Corporate Inclusion Policy this product does not invest in companies involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0%
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 made.	No investments in controversial weapons were made.
Related to PAI # 15	Sovereign bond carbon footprint	Sum of sovereign emissions within the product, multiplied by the share of total sovereign debt owned by the product, divided by AuM	PCAF is an industry-led initiative for GHG accounting and reporting. PCAF has issued a global standard (PCAF Global) for carbon footprint measurement and disclosure in 2020 for a number of asset classes. This standard is widely used in the industry and especially among Dutch financial institutions. Within the Dutch Climate Commitment, Dutch pension funds agreed to use PCAF Global as the standard for carbon footprint measurement to ensure comparability.	227 tCO ₂ e



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022 (average four quarters)

What were the top investments of this financial product?

#	Largest investments	Sector	In % of NAV	Country
1	BNTNF 10 01/01/25	Sovereign Government	1.39%	Brazil
2	BNTNF 10 01/01/27	Sovereign Government	1.40%	Brazil

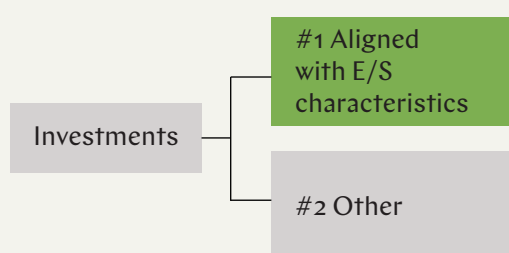
3	MBONO 7 1/2 06/03/27	Sovereign Government	1.21%	Mexico
4	BLTN 0 01/01/24	Sovereign Government	1.07%	Brazil
5	SAGB 8 1/2 01/31/37 #2037	Sovereign Government	1.14%	South Africa
6	SAGB 8 01/31/30 #2030	Sovereign Government	0.90%	South Africa
7	SAGB 8 1/4 03/31/32 #2032	Sovereign Government	0.95%	South Africa
8	BLTN 0 07/01/23	Sovereign Government	0.55%	Brazil
9	COLTES 7 1/2 08/26/26	Sovereign Government	0.75%	Colombia
10	INDOGB 8 3/8 03/15/34	Sovereign Government	0.72%	Indonesia
11	BLTN 0 01/01/25	Sovereign Government	0.76%	Brazil
12	SAGB 10 1/2 12/21/26 #R186	Sovereign Government	0.72%	South Africa
13	BTPCL 2 1/2 03/01/25	Sovereign Government	0.67%	Chile
14	COLTES 10 07/24/24	Sovereign Government	0.67%	Colombia
15	MBONO 7 3/4 05/29/31	Sovereign Government	0.80%	Mexico



Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

● What was the asset allocation?



#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.

99.95% of investments is classified under #1, while the remaining (market value of derivatives) is classified under #2.

In which economic sectors were the investments made?

#	Economic sector	Average weight % of NAV
1	Sovereign, Agencies & Local Government	96.48%
2	Oil, Gas & Consumable Fuels	1.98%
3	Governmental Banks	1.28%
4	Diversified Financial Services	0.58%
5	Metals & Mining	0.32%
6	Banks	0.31%
7	Electric Utilities	0.16%
8	Transportation & Logistics	0.06%
9	Commercial Services & Supplies	0.05%
10	IT Services	0.04%
11	Air Freight & Logistics	0.04%
12	Transportation Infrastructure	0.03%



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

Investments in “other” are related to derivative exposure. Derivatives are only used for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Safeguards are not applicable for these products.



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

Corporate Inclusion

The Corporate inclusion policy applies to bonds issued by quasi-sovereign issuers. Actions taken in 2022 are in line with the policy principles:

- Laggards are not invested in
- “Belofte” are engaged with when risk and return characteristics are attractive
- When engagement is unsuccessful, the companies are divested from
- UNGC violators are marked as permanent laggards and are divested from

In 2022, in line with the corporate inclusion policy applicable to the Emerging Markets Debt FGR, we conducted engagement actions with one of the quasi-sovereign issuers in our universe. Actions taken were related to the strengthening of safety management policies, to encourage the company to adopt a robust approach to the health and safety of its employees and be able to reduce the number of accidents. The first step of the engagement plan was concluded successfully and further steps are planned for 2023.

Sovereign Exclusion

Countries on the exclusion list are not invested in by this product. As of December 1st, 2022, in line with the expansion of the sovereign exclusion policy criteria applicable to the Emerging Markets Debt FGR, the following sovereign issuers were divested from: China, Egypt, Azerbaijan, Uzbekistan and Bahrain.

SDI ambition

Responsible investing is integrated in the investment process by preferring SDI investments above non-SDI investments, if it does not lead to a material deterioration of the risk/return characteristics or increase the costs of the product.

Government Bonds can increase SDIs by investing in labeled bonds and/or by investing in issuers which have internal SDI classifications.

Labeled bonds (such as Green, Social and Sustainable Bonds) can contribute to the UN Sustainable Development Goals. Green, Social, and Sustainable bonds are the use of proceeds from issuances that are used to finance or refinance green or social (or a combination) projects or activities.

Carbon footprint

The product is able to report on Carbon Footprint, but is not able to reduce or to significantly mitigate the carbon footprint as the mandate guidelines of the portfolio do not allow significant deviation from the selected benchmark.