

Periodic Disclosure 2024

APG China Fixed Income 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 China Fixed Income Pool

Legal entity identifier: 549300SYWIIEOV2L8835

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 sustainable investments with an environmental objective: ____% <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 <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

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

The Pool does not invest in:

- companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster munitions, and nuclear, chemical and biological weapons).

Related to PAI-indicator 14.

- companies involved in the production of tobacco.
- bonds of countries subject to a binding UN and/or EU arms embargo.

There were no breaches of the exclusion policy in 2024.

Sustainability indicators 1, 2, 3 and 4 relate to this E/S characteristic.

Contribution to the United Nations Sustainable Development Goals (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

We apply an inclusion policy for our corporate bond investments based on the UN Global Compact themes (human rights, labor, environment and anti-corruption) and set requirements for investors and companies based on the OECD guidelines. As a result, we only invest in companies that meet our criteria ('koplopers') or in companies we are able to engage with ('beloften').

Related to PAI-indicator 10.

In 2024, no investments were made in companies involved in violations of the UNGC principles or the OECD Guidelines.

Sustainability indicator 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
1. Exclusion Policy	1	Exposure to controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons). <i>Related to PAI indicator 14.</i>	No investments in companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).	There has been a temporary holding in a company involved in cluster munition. After the holding had been detected the holding was sold.
	2	Exposure to 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.	No investments were made in companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.
	3	Exposure to companies involved in the production of tobacco.	No investments were made in companies involved in the production of tobacco.	No investments were made in companies involved in the production of tobacco.
	4	Exposure to investments in bonds of countries subject to a binding UN and/or EU arms embargo.	No investments were made in bonds of countries subject to a binding UN and/or EU arms embargo.	No investments were made in bonds of countries subject to a binding UN and/or EU arms embargo.
2. Contribution to SDGs	5	Percentage of Sustainable Development Investment according to the SDI-AOP methodology.	The value of the SDIs as a percentage of total NAV of the Pool was 2.6% (as per Q3 2024 calculated as an average over four quarters).	The value of the SDIs as a percentage of total NAV of the Pool was 3.3% (as per Q4 2023 calculated as an average over four quarters).
3. ESG-integration	6	Number of companies in the portfolio that do not meet our minimum ESG criteria.	No investments were made in companies that violated the UNGC principles and OECD Guidelines.	No investments were made in companies that violated the UNGC principles and OECD Guidelines.
	7	Violations of the of the UN Global Compact Principles or the OECD Guidelines. <i>Related to PAI indicator 10.</i>	No investments were made in companies that violated the UNGC principles and OECD Guidelines.	No investments were made in companies that violated the UNGC principles and OECD Guidelines.

Some of the reported sustainability indicators used to measure the extent to which the E/S characteristics of this product were promoted 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.



... 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. This product does not commit to making sustainable investments. We are obliged to report on the Taxonomy-aligned investments in this product as the product promotes environmental characteristics. Taxonomy-aligned investments are reported separately and for now not considered part of the sustainable investment category.

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 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	China Development Bank	Financial institutions	China	10.3
2	Industrial Bank Co Ltd	Financial institutions	China	6.4
3	Kerry Group Ltd	Luxury goods	Hong Kong	5.0
4	Bank of Communications Co Ltd	Financial institutions	China	3.6
5	Bank of China - Luxembourg Branch	Financial institutions	China	3.5
6	China Everbright Ltd	Financial institutions	Hong Kong	3.0
7	Zhejiang Geely Holding Group Co Ltd	Luxury goods	China	3.0
8	China Merchants Bank Co Ltd	Financial institutions	China	2.7
9	Tongwei Group Co Ltd	Convenience goods	China	2.7
10	Agricultural Bank of China Ltd	Financial institutions	China	2.7
11	China Everbright Environment Group Ltd	Utilities	China	2.1
12	China Everbright Bank Co Ltd	Financial institutions	China	2.1
13	Contemporary Amperex Technology Co Ltd	Luxury goods	China	2.1
14	Beijing Capital Eco-Environment Protection Group Co Ltd	Industrial companies	China	1.8

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

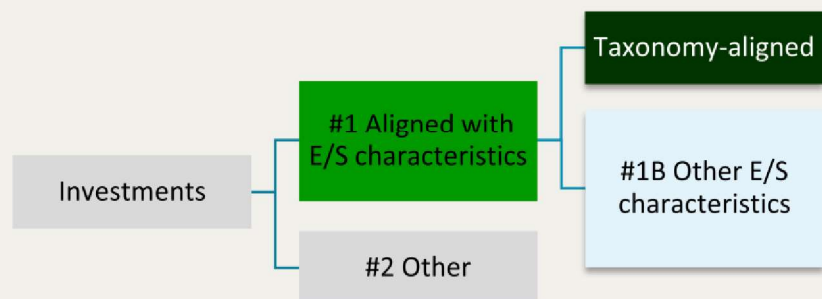
Asset allocation
describes the share
of investments in specific assets.



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” (100.0%) and “other” (0.0%). Taxonomy-aligned investments (0.3%) are considered as part of the “aligned with E&S characteristics” category, not as sustainable investments. 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
Convenience goods	5.1
Energy	2.1
Financial institutions	49.3
Government	2.1
Healthcare	0.6
Industrial companies	13.8
Information technology	3.0
Luxury goods	14.0
Materials	0.9
Telecommunications	1.5
Utilities	7.6

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



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:

- change mitigation: 0.3%
- climate change adaptation: 0.0%

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.

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 Taxonomy figures were neither subject to an assurance provided by an auditor nor reviewed by a third party. The fund does not commit to make any investment with an environmental objective aligned with the EU Taxonomy.

• Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

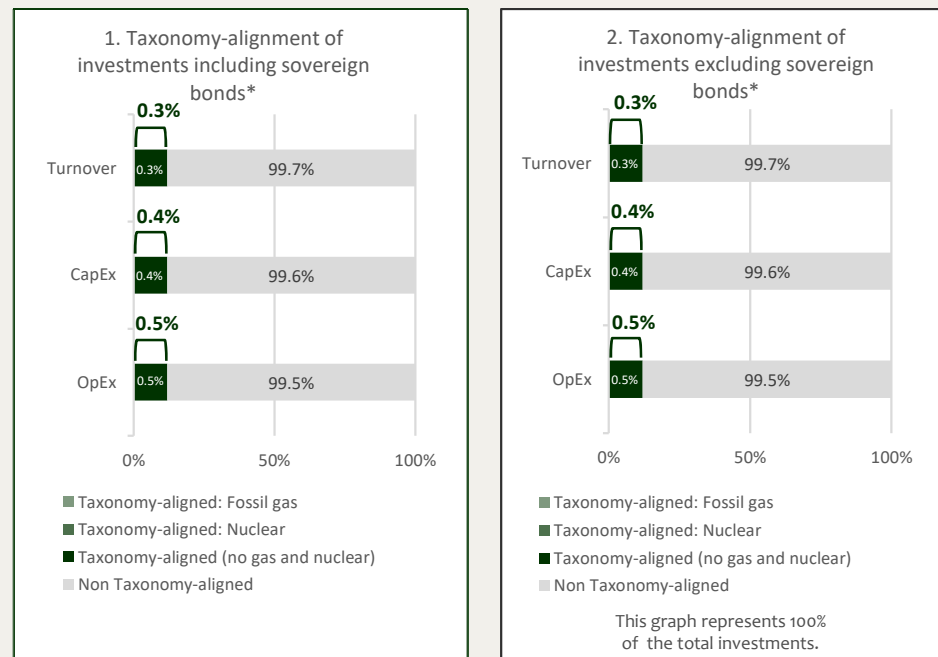
- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

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.

¹ 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 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?

The product invested 0.2% 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 were obtained from a third-party data provider.



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	0.1%	n.a.	n.a.	n.a.	n.a.
CapEx	0.4%	n.a.	n.a.	n.a.	n.a.
OpEx	0.3%	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. 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 in 2024 and communicated with:

- The benchmark provider
- 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.

Sustainable Development Investments

In 2024 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. These kind of choices have been made during the year for numerous investments.



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.