



APG Asset Management **Climate Transition Plan**

CEO Foreword

As a fiduciary manager, APG Asset Management's foremost responsibility is to safeguard the long-term financial interests of our clients and their beneficiaries. With an understanding that climate change is not only an environmental crisis but also a material financial risk that can affect risk adjusted returns across all asset classes, we launched our inaugural Climate Action Plan in 2022. That Plan set out a structured approach to measuring carbon footprints, steering portfolios toward decarbonization, and investing in climate solutions, supported by engagement, voting, and policy advocacy.

Since then, the world has changed significantly. Political pressures have intensified, regulation has evolved, and the physical impacts of climate change have become more tangible. Industry frameworks such as those developed by the Glasgow Financial Alliance for Net Zero (GFANZ) and the Transition Plan Taskforce (TPT) now provide clear guidance for climate transition planning, and the financial sector is moving beyond measuring financed emissions towards achieving real-world impact.

As a signatory to the Dutch Finance Sector Climate Commitment and the Net Zero Asset Managers (NZAM) initiative, we recognize the critical role of finance in advancing the global climate transition. Publishing our own climate transition plan is part of fulfilling our commitments under these efforts.

This document sets out how we will implement our clients' climate policies and deliver on their and our own ambitions over the next three years. This strategic direction guides APG's future work on climate transition in line with evolving stakeholder expectations.

We remain steadfast in our mission to deliver long-term value for our clients while accelerating the transition to a sustainable future. This is a challenge that requires a concerted effort. By working hand in hand with our clients, partners, and stakeholders, we continue turning climate ambitions into actions—creating real-world impact and contributing to shaping a resilient, low-carbon economy for generations to come.



Alineke van den Berge
Chief Executive Officer a.i. and
Chief Operating Officer

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About this report

This report is a comprehensive overview of APG Asset Management (AM)'s climate transition approach. It sets out the strategic direction for APG AM's future work on climate transition, ensuring that our actions align with both our clients' ambitions and APG AM's broader business objectives. By doing so, the report aims to strengthen communication with clients and external stakeholders, offering transparency on how APG AM as a fiduciary manager approaches the transition. This Climate Transition Plan builds on our previously published [Climate Action Plan](#) and provides greater detail on how APG will implement its climate ambitions in the next three years.

The scope of this plan is APG AM, a subsidiary of APG Group. Therefore, the report focuses on APG AM's investment activities on behalf of its clients. APG Group's operational climate transition plan in line with the Corporate Sustainability Reporting Directive (CSRD) and relevant metrics are disclosed in [APG's Annual Report](#).

The structure of this report follows the [Transition Plan Taskforce \(TPT\) Asset Managers Sector Guidance](#)¹. The content is aligned with the requirements of the [Dutch Finance Sector Climate Commitment Guidance](#) as well as the updated [Net Zero Asset Managers Initiative commitments](#). We believe that this alignment helps APG AM's climate transition plan be more credible, transparent, and consistent with leading industry standards.

APG AM serves multiple clients whose climate ambitions, expectations, and policies largely converge but still diverge on some aspects. Throughout this report, references to 'client policies' should be understood as encompassing the policies of all our clients, while the implementation may differ from one client to another. Where information is specific to a particular client, it is clearly noted.

The governance structure and division of responsibilities reflect APG AM's current operating model at the time of writing. APG AM is transitioning toward a single-client structure by 2030, a change that will significantly influence how we operate.

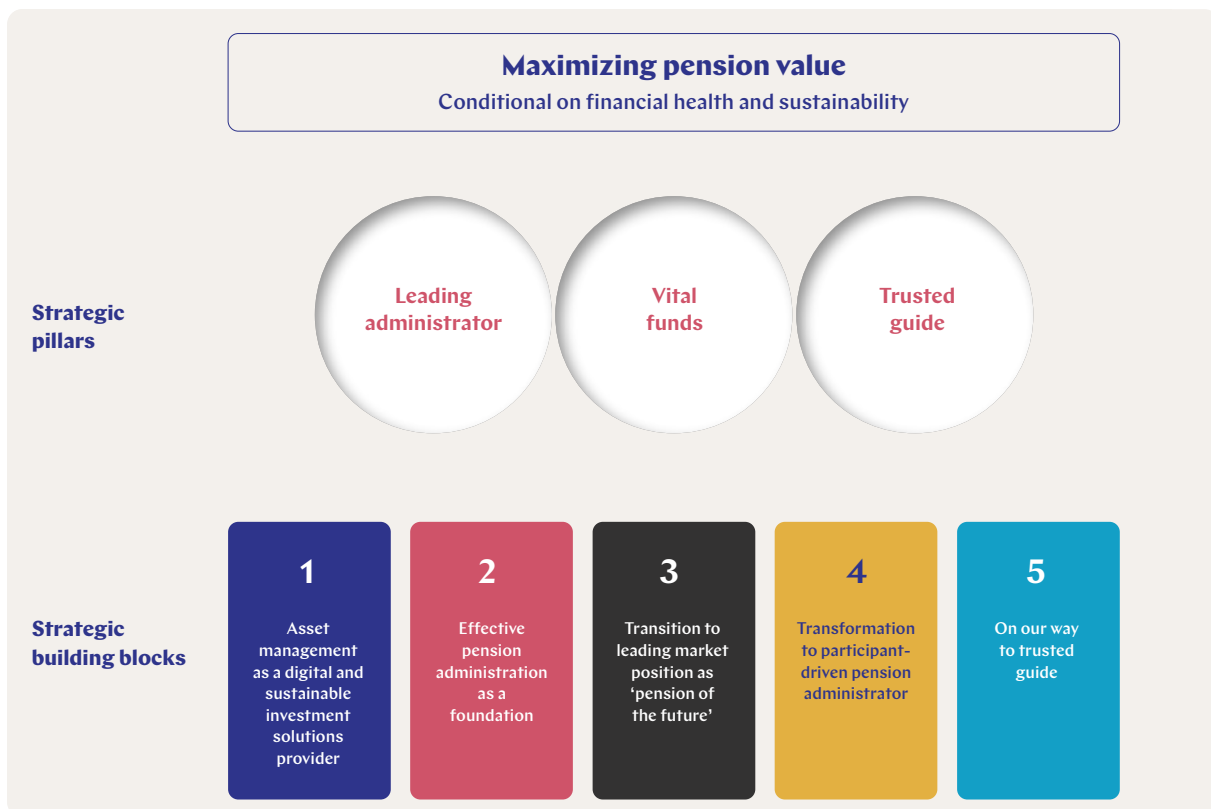
¹ | The Transition Plan Taskforce (TPT)'s guidance builds on the [Glasgow Financial Alliance for Net Zero \(GFANZ\) Financial Institution Net Zero Transition Plan Guidance](#) but provides more detailed recommendations for asset managers. The [IFRS S2 guidance on transition plans](#) builds on the TPT framework, which means our approach is aligned with both GFANZ and IFRS S2. While the IFRS S2 guidance does not require organizations to disclose a transition plan, it does require disclosure of material details if a plan exists. This document fulfills that requirement by providing those details.

Foundations

1.1 | Strategic ambition

APG Group serves 4.7 million participants and has approximately 3,700 employees. APG AM manages €601 billion (December 2025) in pension assets. As a fiduciary manager for Dutch pension funds, we want to create the best possible pensions for participants, in a livable, sustainable world. APG Group which includes APG AM articulates this in its 2030 strategic goal as “maximizing pension value” for the participants of our pension fund clients. APG Group’s mission is: “Building your sustainable future together.” Based on this ambition and mission, APG AM strives to deliver long-term value while making a positive social, economic, and environmental contribution to the real economy.

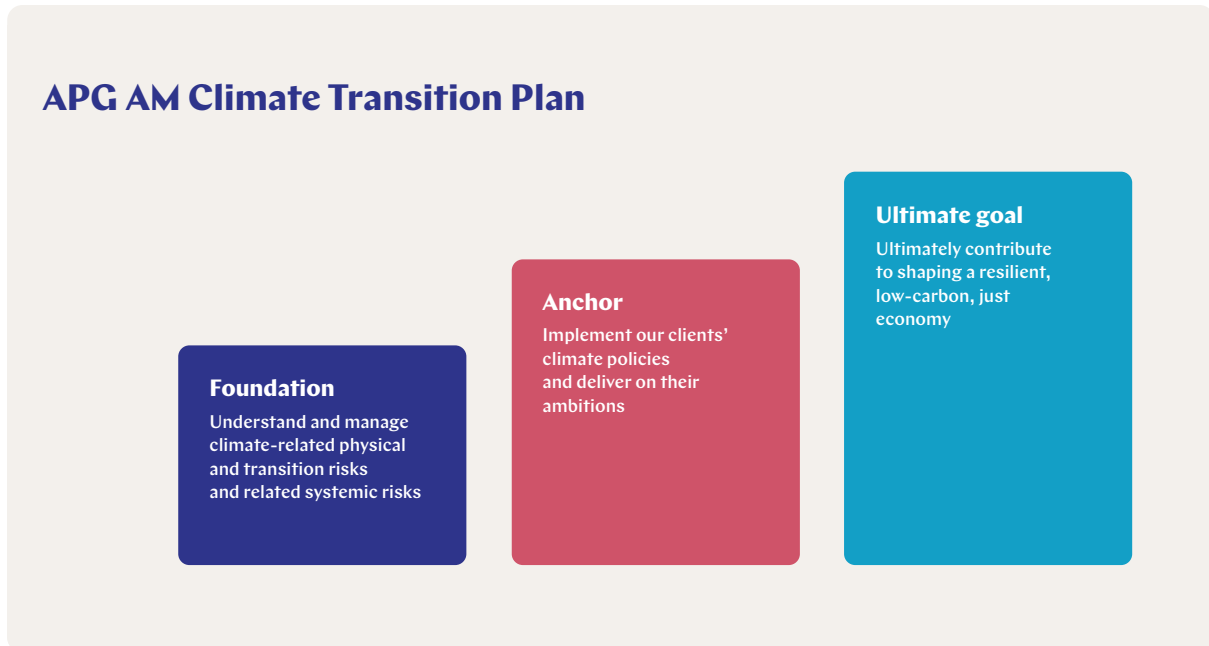
APG Group’s five strategic “building blocks” form the foundation of maximizing pension value: the first of them centers on responsible and sustainable investment.



Climate transition is an important part of this first building block, not just climate mitigation in a silo, but supporting climate adaptation, and considering nature/biodiversity and social aspects as well. APG AM, in line with our clients, recognizes that these topics can pose systemic risks to both society and long-term financial returns.

APG AM’s strategy for the climate transition is three-fold:

- 1 understand and manage climate-related physical and transition risks and related systemic risks on an asset/company-level, and asset class level and on a portfolio-;
- 2 implement our clients’ climate policies and deliver on their ambitions leveraging our capabilities in investment and risk management, stewardship, collaboration and research; and
- 3 ultimately contribute to shaping a resilient, low-carbon, just economy.



1.2 | Our role and climate-related linkages

As an asset manager, APG AM operates with a fiduciary responsibility to act in the best interests of its clients and to implement their (RI) policies. This responsibility includes integrating climate related risks and opportunities into investment decision making, stewardship, research, and portfolio implementation on behalf of our clients. APG AM's work is shaped by key relationships that influence how climate considerations are integrated into investment activities:

Our asset owner clients define the strategic direction for responsible investment and climate ambition through their policies and mandates. APG AM advises clients on how their investment objectives can align with the Paris Agreement, responds to evolving regulatory developments such as the Sustainable Finance Disclosure Regulation (SFDR), and translates client expectations into practical investment and stewardship approaches.

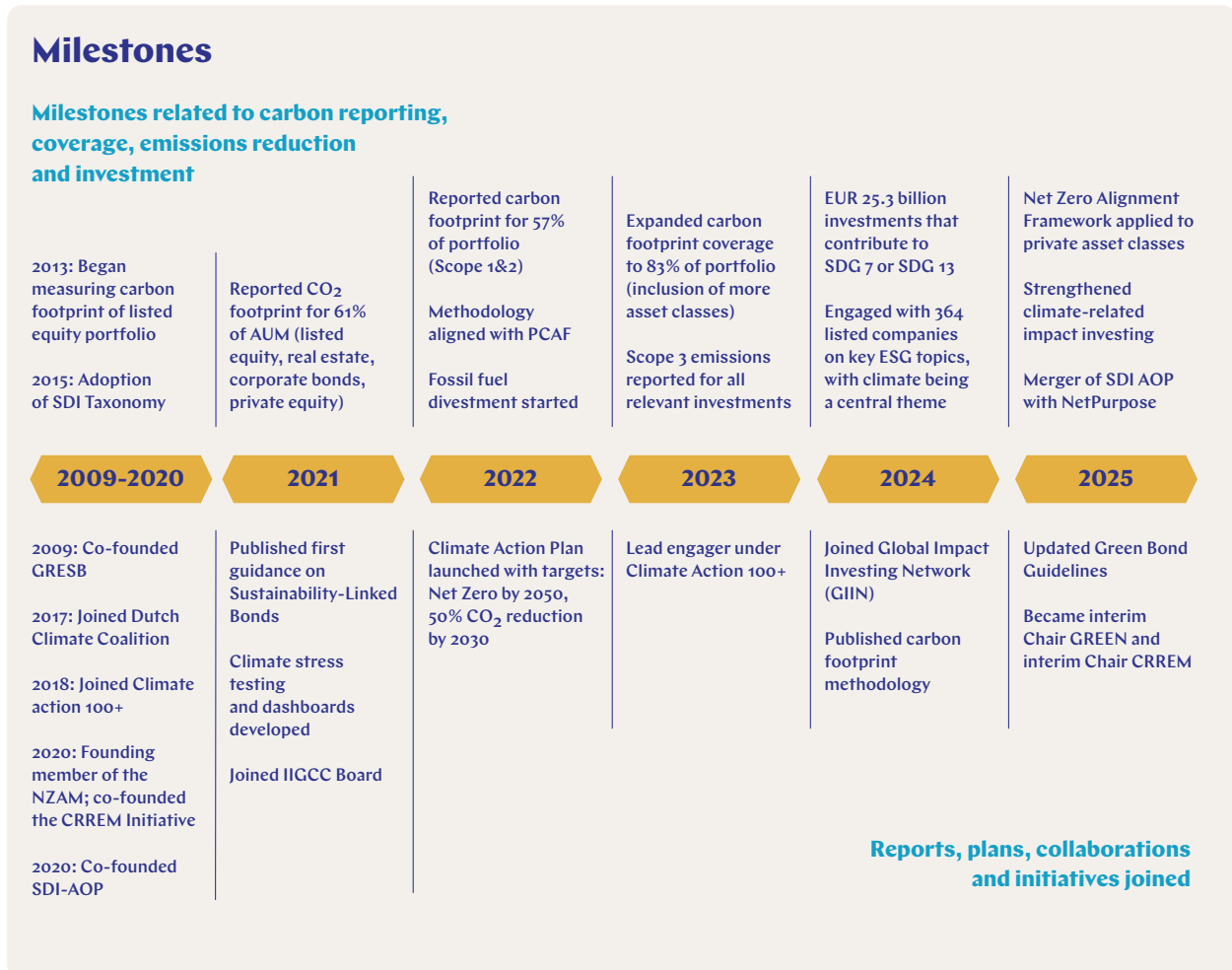
The investments we manage for our clients represent the most significant source of sustainability impacts associated with APG AM's activities. Through capital allocation and active ownership - research, engagement, proxy voting - we seek to encourage investee entities to adopt credible transition plans, set science based targets, improve climate disclosure, and take meaningful action toward decarbonization. Our stewardship approach draws on leading frameworks such as the Net Zero Investment Framework (NZIF), Glasgow Financial Alliance for Net Zero (GFANZ), and the Transition Plan Taskforce (TPT) Guidance. We also work with many partners and peers to collaborate on engagement or research. We procure climate related data from external providers to strengthen our analytical capabilities, supporting climate informed investment decisions and stewardship activities.

Because the majority of climate related impacts arise from the assets we manage on behalf of clients, contributing to these assets' transition is APG AM's most effective levers to make an impact. By directing capital toward climate aligned solutions and engaging constructively with entities that face transition challenges, we aim to help accelerate progress in the real economy.

Ultimately, our approach to climate transition is grounded in our fiduciary duty and our commitment to creating long term value for our clients. Integrating climate considerations across our advisory, investment processes, and stewardship activities is both a strategic imperative and a shared responsibility with our clients and the broader financial ecosystem.

1.3 | Our climate milestones

Since 2013, APG AM has taken important steps to strengthen its climate approach across the organization. The milestones highlighted here represent a selection of firm-level achievements that demonstrate how APG AM has advanced its work in relation to climate transition.



Between 2009 and 2020, APG AM laid the groundwork by co-founding and joining several collaborative platforms - including GRESB, the Dutch Climate Coalition, Climate Action 100+, the Carbon Risk Real Estate Monitor (CRREM), and the Net Zero Asset Managers Initiative - which helped shape its long-term climate strategy. During this period, we also co-founded the SDI AOP (Sustainable Development Investments-Asset Owner Platform) and adopted SDI Taxonomy, signaling an early commitment to sustainable development-aligned investing and systematic data that supports climate investing.

Our climate approach strengthened considerably from 2013 onward, beginning with carbon-footprint measurement of the listed equity portfolio and expanding by 2021 to cover 61% of AUM across multiple asset classes (including corporate bonds, real estate and private equity). With the launch of our Climate Action Plan in 2022, we set targets for net zero by 2050 and a 50% CO₂ reduction by 2030, aligned reporting with industry frameworks, joined the IIGCC Board, and initiated fossil-fuel divestments on behalf of one of our clients.

In 2023, carbon footprint coverage increased to 83% of the portfolio, Scope 3 reporting was added, and stewardship efforts intensified under Climate Action 100+. Momentum continued in 2024 as APG AM grew its climate investments contributing to SDG 7 and SDG 13 to €25.3 billion, engaged over 300 listed companies on ESG including climate topics, joined the Global Impact Investing Network (GIIN), and published its carbon footprint methodology. In 2025, we made further progress by embedding the net zero alignment work across private markets, updated the Green Bond Guidelines, and expanded climate-related impact investing. APG AM also became interim Chair for the Global Real Estate Engagement Network (GREEN) and for the CRREM in 2025.

APG AM's climate approach has progressed steadily and encompasses a fully integrated organization-wide framework in line with industry initiatives and dedicated internal capacity and governance. Following this trajectory, we will continue to advance our approach in the years ahead, deepening implementation and achieving further milestones as we continue delivering this Climate Transition Plan.



Governance

2.1 | Board and management roles and responsibilities

As of 2025, APG Group includes APG Asset Management and Pension Administration Services. APG Group is the overarching organization responsible for setting the strategic, governance and sustainability direction for all its business units. Within this structure, APG Asset Management (APG AM) operates as its wholly owned investment management arm, tasked with executing investment activities on behalf of pension fund clients. APG Group has an Executive Board and a Supervisory Board².

APG Group's climate-relevant governance

On APG Group level, the **Executive Board (EB)** is responsible for overseeing the strategy and its implementation, the progress against targets, including the sustainable performance and the social impact of APG Group's operation. The EB reports to the APG Group Supervisory Board and the shareholders.

The EB holds ultimate oversight and approval rights for sustainability and climate-related matters. It receives reports and analyses from the Sustainability Board for strategic oversight, so that climate-related commitments, risk exposures, and progress remain aligned with APG Group's overall strategy and fiduciary responsibilities. The EB has reviewed and approved a series of sustainability-related decisions presented via the Sustainability Board, including:

- the composition of the Sustainability Board itself;
- the group-wide double materiality assessment results;
- the Environmental, Social and Governance (ESG) KPIs used across the organization;
- the new Sustainability Ambition for APG Group.

The **Sustainability Board (SB)** functions as the expert and preparatory body that consolidates information, forms opinions, and escalates decisions or recommendations upward where needed. As part of this governance structure, the SB periodically reviews APG Group's operational footprint. The SB also approves and monitors progress on our group-level corporate climate transition plan (focusing on our operational emissions)³ and ensures that each business unit incorporates relevant KPIs into their annual plans. Progress is reported biannually to the SB. The plan itself is reviewed and updated every three years, or more frequently if needed, to reflect internal and external developments across the APG Group.

APG Asset Management's climate-relevant governance

APG AM has its own Management and Supervisory Board. A clear internal governance structure to oversee responsible investing has been established, which includes climate transition-related responsibilities.

The APG AM's **Management Board (MB)** is the governance body to which major escalations are made when issues raised by the Investment Committee cannot be resolved or when they constitute potential breaches or material risks. Having delegated the change-related RI responsibilities, including some climate topics, to the Responsible Investment Board (RIB), the MB receives periodic updates from the RIB. The MB also receives weekly client updates, which may include climate-related items.

The members of the MB play a critical role in driving the climate transition by approving APG AM's climate strategy and transition plan, total portfolio management, and client engagement. Performance management is key, including continuous monitoring of KPIs, plan adjustments, and transparent reporting to the board, with variable remuneration and performance metrics linked to climate objectives.

² | The Supervisory Board is appointed by APG's shareholders and is charged with safeguarding the continuity of the organization with a view to creating long-term sustainable value for all of APG's stakeholders.

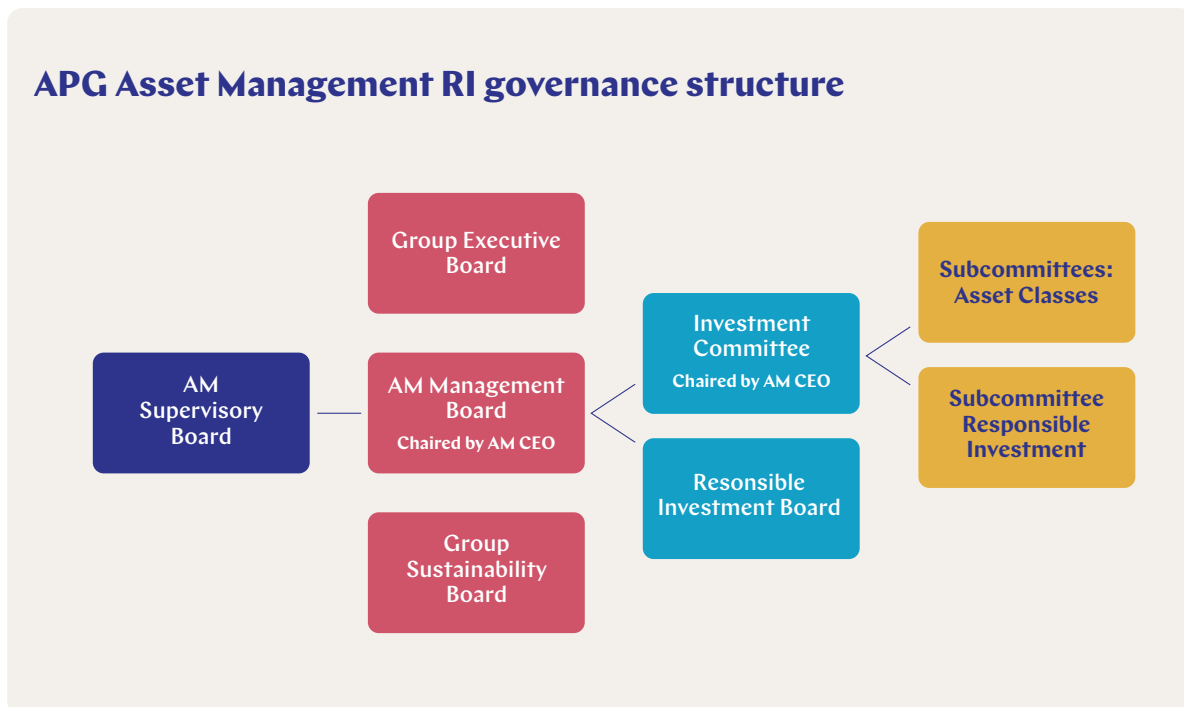
³ | It is disclosed in APG Annual Report 2024.

The **Responsible Investment Board (RIB)** oversees the development and implementation of RI change initiatives that support the delivery of RI guidelines in investment mandates and regulatory disclosures. It guides and evaluates the work delivered by multi-disciplinary teams (MDTs), one of which focuses on climate and biodiversity. As a permanent governance body it reports on progress quarterly to the MB.

The **Investment Committee (IC)**, chaired by the AM CEO, has the broadest mandate: it oversees RI performance at the total portfolio level, ensures responsible investment policies meet client needs, makes investment strategy decisions, and decides on escalated proposals from all subcommittees. It provides the overarching governance umbrella under which asset class committees operate. The MD RI Strategy & Partnerships is a member.

Subcommittees are organized by asset class and operate under delegated authority from a higher governance body, such as the Investment Committee (IC) or AM Risk Committee. As per committee charter, they are responsible for monitoring that investment mandates are executed soundly, with appropriate attention to responsible investing (RI), sustainability risks, and ESG considerations. They monitor sustainable development investments (SDI) and carbon footprint progress, and ensure RI policy implementation and quality delivery for their respective asset class. They maintain regular meeting cadences, and escalate material issues to a higher governance body when risks or decisions fall outside their authority.

The Responsible Investment Committee (RIC) is responsible for approving RI classifications (as per APG AM's internal rules and policies), corrections, and RI policy implementation guidelines. As the central gatekeeper of RI data quality, the RIC acts as a quality assurance and control body for RI data, methodologies, and classification integrity across all asset classes. It monitors how RI decisions are consistently and accurately embedded into the investment process.



2.2 | Culture, skills and training

Given our and our clients' ambitions, awareness of climate change is integral to APG AM's culture. Our overarching approach to fostering this culture emphasizes continuous capacity building through a mix of internal knowledge sharing, external industry engagement, and specialized training. Below we share examples of initiatives taken within APG AM.

Internal Team Training and Knowledge Sharing: APG AM integrates climate-related learning into its investment activities through structured knowledge-sharing practices. Dedicated peer groups and regular internal discussions help teams exchange best practices and monitor progress against client climate targets. In addition, APG AM's Responsible Investment Strategy & Partnerships team organizes roundtables and discussion sessions, often in collaboration with external experts, to foster dialogue on emerging sustainability topics.

External Programs and Industry Engagement: APG AM actively participates in industry platforms, working groups, and sector initiatives to stay informed on evolving sustainability and climate standards. These engagements may include specialized sessions on future-focused technologies and approaches, to align with market developments and regulatory expectations. More information can be found in the "Engagement with industry" section of this report.

Specialized Climate and Biodiversity Training: APG AM provides targeted training for its employees on climate risk, biodiversity, and net zero alignment to strengthen due diligence and investment decision-making. These efforts include internal workshops and knowledge-building programs designed to enhance understanding of climate-related risks and opportunities. Future plans for additional training reflect APG AM's vision to continuous capacity building in support of its sustainability objectives.

APG AM communicates such training opportunities and planned work internally via intranet, and continues to add more targeted training materials on climate change and other RI topics on our internal training platform. For example, we are initiating various online training modules including introductory responsible investment for all staff and practical case study application for targeted employees. Employees have easy access to learning interventions that are tailored to their position.

2.3 | Incentives and remuneration

Responsible investment is embedded in APG AM's performance management framework, with sustainability KPI's forming part of the Global Collective Targets that apply to all employees. Furthermore, all global asset management staff eligible for variable pay have climate and responsible investment targets integrated into their individual and collective qualitative performance goals. These targets represent a share of overall variable remuneration, ensuring alignment with client priorities and reinforcing accountability for long-term sustainability outcomes. APG Asset Management disclosed more details in [its SFDR disclosure](#).

The listed asset classes use measurable portfolio-level metrics to embed climate accountability directly into remuneration structures. This includes, for example, incorporating portfolio carbon emissions targets into quantitative remuneration objectives. The private asset classes integrate responsible investment objectives directly into their performance frameworks, strengthening accountability for actions such as reducing climate risks and advancing alignment with net-zero pathways. Across teams, elements of climate performance of the entities we invest on behalf of our clients such as progress on climate target setting, carbon emissions disclosure or the use of relevant certifications, may be linked to remuneration structures to signal the importance of these themes in overall evaluation processes. Climate related considerations can also be reflected in team-wide annual performance discussions, encouraging shared attention to e.g. net zero alignment. In some cases, teams may set targets such as integrating climate risk factors into due diligence activities or exploring biodiversity related aspects.

By embedding climate considerations into incentive structures across asset classes, APG AM stimulates a culture of accountability and continuous progress toward long-term transition goals.

Implementation Strategy

The Implementation Strategy section outlines how APG AM translates clients' climate ambitions into actionable investment practices. It provides a structured approach to integrating climate considerations in the investment processes, from screening and selection of assets to voting and engagement, while embedding climate objectives into benchmarks, products, and services. This chapter emphasizes APG AM's ambition to aligning portfolios with net zero goals through implementing climate policies and tailored asset-class methodologies. It also addresses the role of adaptation, nature-positive outcomes, and internal resource allocation, thereby making climate transition not only a strategic priority but a practical reality supported by robust governance, data, and tools.

3.1 | Implementation approaches

APG AM invests in accordance with our clients' climate policies and aims to achieve climate targets that they have established⁴. Our approach to advancing our clients' climate agenda can be summarized in the following aspects:

- Investment screening and selection (focusing on climate mitigation)
- Climate adaptation and physical risk assessment
- Consideration of climate and nature nexus
- Voting (see Engagement Strategy section)
- Engagement (see Engagement Strategy section)
- Review and progress monitoring (see Metrics and Targets section)

This chapter discusses the first three approaches.

Investment screening on climate performance

In our listed equity and credit portfolios, our approach to screening and selecting investments and companies is centered around developing an investable universe based on ESG criteria applicable to all companies. In order to be included in our investable universe, APG AM checks for the following requirement on climate mitigation (may vary per client):

- Evidence of (sufficient) targets to reduce carbon emissions
- Disclosure of carbon emissions
- Restricted revenues from coal mining, oil sands, and arctic oil and gas
- No evidence of expanding of coal-fired power production capacity
- No involvement in the fossil fuel value chain
- No evidence of severe climate-related controversies

More stringent criteria are applied to high-impact sectors⁵, such as Autos, Metals & Mining, Paper & Forest Products, and Electric Utilities. Companies involved in high-impact activities such as Aviation, Cattle farming & Meat Processing are often scrutinized more in terms of screening.

Based on these criteria, APG AM classifies companies into different categories. These classifications are based on specific thresholds and logic applied to climate data from external sources. If a company does not meet our climate criteria, we can only invest when we believe we can drive meaningful improvements in its performance. Failing one or more criteria results in lower classifications, with missing data leading to a lower classification. A lack of engagement progress is one of the reasons why we may ultimately decide to no longer be invested in a company.

This approach emphasizes clear communication on expectations, sector-specific relevance, and the importance of engagement where improvement is possible, rather than excluding companies outright. The implementation of this process varies by asset class and is tailored to sector-specific climate risks and data availability. If, once we are invested, new data suggests that investees no longer meet the aforementioned criteria, APG AM will check the validity and accuracy of the new data, and at the same time try to engage with the companies to understand the facts, reasons and plans to address the issues. If the data turns out to be correct and the company insufficiently mitigates the issue, we will escalate it to exclude the company from our investable universe.

Across asset classes, RI indicators including climate metrics and classification rules are reviewed bi-annually, and missing or insufficient data is treated conservatively to ensure integrity. This enables us to apply a consistent, rigorous, and adaptable approach to address the nuances of different asset classes.

Climate adaptation and physical risk assessment

Climate adaptation is increasingly important for APG AM's clients because growing physical climate risks such as extreme weather, water stress, and supply-chain disruptions directly impact asset values, long-term returns, and the resilience of the real economy we invest in, even as mitigation remains a central focus. Our approach to adaptation builds on our climate physical risk assessment. In line with the Institutional Investors Group on Climate Change (IIGCC)'s Climate Resilience Investment Framework, APG AM integrates physical climate risk assessments - such as flooding, drought, and water scarcity - into its investment decision-making process (see Data and Tools section). By embedding these considerations into our investment practice, APG AM aims to strengthen the resilience of portfolios against climate-related shocks.

Leveraging its understanding of physical climate risks, APG AM seeks investment opportunities that support climate adaptation by enhancing the resilience of infrastructure and buildings to a wide range of climate-related hazards, including extreme heat and heat stress, extreme cold, drought, water stress, coastal, riverine and pluvial flooding, tropical cyclones, and wildfire. Our previous investments in climate adaptation include water bonds, green bonds issued by governments and supranationals. We report investment that contribute to SDG13 – Climate Action to our clients.

The following illustrates how climate physical risk and adaptation considerations are tailored to relevant asset classes:

- The Infrastructure asset class applies a standardized physical climate risk assessment using four Shared Socio-economic Pathways (SSPs) based on CMIP6 climate model data to project physical risks: SSP126 (low emissions), SSP245 (intermediate), SSP370 (high), and SSP585 (very high). Geospatial hazard modelling translates exposure to risks such as heat, flooding, and drought into decision-useful financial metrics that inform investment and stewardship activities.
- In Real Estate, every asset undergoes climate risk analysis covering transition risks via the Carbon Risk Real Estate Monitor (CRREM) pathways and physical risks through proprietary hazard-based models using geo-coordinates. Managers are expected to assess location-specific risks and existing adaptation measures. Where risks are material, they evaluate options such as flood defenses or resilience upgrades, with findings feeding into investment decisions.
- In Private Natural Capital (PNC), adaptation is embedded in due diligence through ESG questionnaires and climate risk tools, which identify physical and transition risks by location. PNC also promotes practical measures such as precision agriculture, regenerative farming, and product diversification to reduce exposure to climate hazards. The team also screens fire hazard data to monitor and mitigate fire risks during fire season.
- In Private Equity, APG AM focuses on managers' systems for managing physical risks. Adaptation-focused opportunities are increasingly appearing in impact mandates.
- For Government Bonds, adaptation is considered at the sovereign level through a country dashboard assessing physical and transition risks. APG AM also favors labeled bonds when risk and return are comparable, as these can finance adaptation.
- In Listed Equity and Corporate Bonds, physical climate risks are analyzed and taken into account. Physical climate risk is taken into account in the investment case. For instance, when analyzing insurance companies, we estimate exposure to flood risk related to climate change. Additionally, we consider the absolute and relative levels of greenhouse gas emissions of companies in our investment decisions.

As part of our client's goals to invest in climate transition, APG AM will continue to seek out opportunities in climate adaptation investments and monitor physical climate risks.

Climate and nature nexus

Considering climate–nature nexus is essential for investors because climate is part of nature and the associated issues are often deeply interconnected: actions that reduce emissions can inadvertently harm ecosystems, while healthy ecosystems (such as forests, wetlands, and soils) are themselves powerful climate-stabilizing assets.

Identifying synergies - such as investments that both cut emissions and restore ecosystems - can enhance resilience, unlock new opportunities, and improve long-term value creation.

APG AM integrates climate and nature considerations across its investment processes, with each asset class applying tailored approaches. Some highlights are presented in the following:

- In Real Estate, the methodology is structured and process-driven. Investment selection and due diligence explicitly link to climate and biodiversity outcomes through requirements such as Scope 1–3 emissions disclosure, alignment with CRREM and SBTi pathways, and verification of green building certifications. Additionally, managers are expected to provide geo-coordinates to enable biodiversity and physical risk assessments. By embedding both climate and nature factors at the asset and manager level, the team can create a clear framework for managing potential trade-offs.
- The PNC asset class leverages specialized tools such as tailored ESG questionnaires, climate risk and carbon unit assessment, biodiversity screening and controversy check. Importantly, PNC explicitly addresses land-use trade-offs and seeks complementary activities, such as combining timber operations with renewable energy projects or carbon capture initiatives. The mandate is 100% impact with climate and biodiversity as primary objectives.
- The Infrastructure asset class embeds climate and nature considerations from investment screening to asset management. Due diligence incorporates ESG materiality assessments, checking for climate risk and biodiversity impacts. Trade-offs, such as land conversion for greenfield projects, are actively discussed during transactions and monitored throughout asset management. Engagement with portfolio companies reinforces alignment with UN Global Compact principles, OECD guidelines, and clients' net zero and biodiversity targets.
- The Private Equity team incorporates nature-climate considerations when material during underwriting and monitors them post-investment at the GP level. Their process emphasizes sustainability risk assessments at both fund and co-investment levels. Potentially material climate and nature risks are identified based on a sector review and documented in deal memos and investment committee reviews. Their framework ensures that key risks are considered and integrated into decision-making.
- The Private Debt asset class emphasizes manager-level oversight. The team assesses GPs' climate and nature policies, embeds requirements in side letters, and reviews historical portfolios for ESG performance. Controversy checks and adherence to UNGC principles support this process, and deforestation risk assessments are being rolled out to strengthen nature-related due diligence.
- The Listed Equity and Corporate Bonds asset classes utilize the investment screening process, whereby certain red line criteria are applied on key thematic topics such as climate and biodiversity. If a company meets the minimum requirements of the climate criteria but does not satisfy those of the biodiversity criteria, for example, it can be marked as non-investable.

3.2 | Products and services

RI Index products

APG AM integrates climate change into its sustainable index investment products by embedding climate-focused filters into the iSTOXX APG World Responsible Investment Indices. These indices allow pension fund clients to customize their portfolios by applying various ESG filters, including exclusions, and prioritization of companies with low carbon emissions. These ESG filters are optimized in a way that the risks are similar to those of the broad indices.

APG Developed Equity RI Index Pool applies a carbon emissions reduction scheme (scope 1 and 2) and applies a strict exclusion threshold on fossil fuel energy based on turnover. It makes use of optimization techniques to have a minimum target exposure to Sustainable Development Investments (SDIs) and a maximum target carbon emission intensity.

APG Global Developed Real Estate RI Index Pool also incorporates climate change, by aligning 100% with CRREM, which sets science-based decarbonization pathways for real estate consistent with the Paris Agreement. CRREM alignment means the portfolio is compliant with both GHG emissions and energy intensity targets. This alignment is used to manage transition risk and steer the portfolio toward net zero.

Some of the asset classes have integrated climate considerations into their benchmarking frameworks. The Infrastructure team relies on the GRESB Infrastructure Asset Assessment as its primary benchmarking tool and uses GRESB-linked legal provisions and financial incentives to support performance improvement over time. The team also applies the IIGCC Net Zero Investment Framework (NZIF) to steer decarbonization, track progress against net-zero alignment milestones, and support engagement priorities. The Listed Equities and Corporate Bonds teams apply client-defined investable universes that incorporate expectations for climate risk management, CO₂ reduction progress, and responsible corporate behavior, focusing on alignment with transition objectives.

Real Estate, while not employing custom benchmarks, leverages the Carbon Risk Real Estate Monitor (CRREM) pathways and the Science-Based Targets Initiative (SBTi) alignment as indirect performance indicators, reflecting reliance on sector-specific tools.

Climate investments

In order to contribute to climate transition we invest – on behalf of our clients - in solutions aimed at combating climate change. Relevant categories for this are sustainable energy, smart networks, more sustainable and energy efficient buildings, green hydrogen, alternative fuels, clean mobility and energy storage. We also select investments in businesses and projects that contribute to climate adaptation: making social and physical structures resilient to a changing climate.

The UN Sustainable Development Goals (SDGs) form the basis for determining the areas in which businesses have positive social or environmental impact. On climate change, we focus on investments that contribute to achieving SDG 7 Affordable and Clean Energy and SDG 13 Climate Action. Our clients' targets on climate investments on which we deliver, can be found in the Metrics and Targets section.

Given the capital-intensive, long-dated nature of the energy transition, infrastructure investments play a critical enabling role in delivering real-economy decarbonisation and resilience. APG AM's Infrastructure strategy therefore prioritises assets and platforms that support the transition, with a strong focus on climate-relevant themes such as clean and connected power, low-carbon and electrified transport, resource efficiency, and the circular economy (see Box 1).

Impact investments

Our clients' interest in climate-related investments is deeply rooted in their mission to build good pensions in a livable world. One of their strategic priorities is impact investment, which is defined by the [Global Impact Investing Network \(GIIN\)](#) as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Recognizes the importance of demonstrating how our clients' capital leads to sustainability outcomes, APG AM is dedicated to helping our clients achieve their impact investing ambition. This includes advising on how impact should be defined and measured, identifying suitable investment opportunities and carrying out due diligence on potential transactions. We also assess and manage any risks related to social or environmental impacts as well as financial risk/return profile. Once investments are made, APG AM tracks both financial and impact performance and reports the results back to the client.

Under its current mandate, APG AM focuses impact investing in private markets as well in its Credits mandate. Between 2022 and 2025, this included investments across private credit, credit funds, infrastructure equity and debt, and private natural capital strategies (see Box 1).

BOX 1: Our climate and impact investment cases

On behalf of our clients, APG AM continued making climate transition investments in 2024 and 2025. The below examples qualify as impact investment as per our client’s definition mentioned above.



APG AM made an USD 400 million minority equity investment in [Doral Renewables](#), one of the largest US solar projects. It signalled strong support for scaling renewable capacity in a major market with rapidly rising electricity demand, presenting a strong alignment with climate SDGs.

APG AM committed €2.5 billion to the expansion of [TenneT’s German high-voltage grid](#), a critical enabler for integrating offshore wind and balancing variable renewable power across regions.



APG AM’s partnership with [Octopus Australia](#) further deployed capital into Australia’s renewable-energy build-out, including large-scale solar and wind projects essential to that country’s decarbonization strategy.

APG AM’s €300 million investment into [Return](#), a pan-European battery-energy-storage platform, directly targets one of the most urgent climate transition challenges: grid flexibility and renewable integration. The Return platform’s high-tech grid-scale Battery Energy Storage Systems (BESS) network enables customers to smooth renewable output, optimize portfolio balancing, and reduce curtailment.



APG AM is investing a minority stake in [SkyNRG](#), a Dutch sustainable aviation fuel (SAF) developer, to scale SAF production. The facility is designed to process low-quality oils and fats that would otherwise be burned, while deliberately avoiding mainstream commoditized waste cooking oils and virgin vegetable oils.



APG AM has awarded a **€425 million infrastructure debt mandate** to Schroders Capital to help finance assets that advance climate change mitigation and the energy transition. The mandate will focus on mid-market European infrastructure debt aligned with clean-energy expansion, transition-related systems, and circular-economy improvements, while also supporting resilient real-asset performance.

In 2025, APG AM on behalf of its client acquired a majority stake in a **70,000 hectare US forestry asset through Molpus Woodlands Group**. The asset contributes to priority themes of climate change and biodiversity by combining responsible harvesting with conservation measures, including identifying and expanding areas of exceptional ecological value.



APG AM made its first investment in **U.S. residential solar asset-backed securities (ABS)** in 2023, a structure that bundles residential solar loans into a securitized product to channel institutional capital into household solar installations. This investment supports climate transition by reducing homeowners' cost of adopting solar energy, strengthening liquidity in the residential solar market, and accelerating the scale-up of renewable energy at the household level.

APG AM on behalf of its client invested €75 million in a **blue bond issued by Italian utility A2A** to modernize water infrastructure. The investment supports water-conservation and water-quality improvements by financing upgrades such as pipelines, meters, and sensors, enabling significant reductions in water loss and contributing to cleaner, more efficient water systems.



APG AM's **Direct Ventures** Team invests in relatively small but fast-growing innovative projects and companies (start- and scale ups) predominately in the Netherlands via the ABP Netherlands Energy Transition & Biodiversity fund (ANEB). €250 million had been committed to the fund by ABP, and €145 million has been invested until the beginning of 2026.

Collectively, these transactions contribute to accelerating the global climate transition by supporting low carbon technologies and renewable energy generation, strengthening grid infrastructure and flexibility, advancing clean energy and circular economy systems, and managing forests responsibly. They reinforce APG AM's and clients' ambition to climate-aligned, transition-enabling, impact-focused investments.

3.3 | Key assumptions and external factors

Achieving our clients' climate ambitions depends on a set of critical external enablers that extend beyond investor control. These include robust regulatory and policy frameworks, accelerated infrastructure and technology development, standardized and transparent data, availability of climate-focused financial instruments, and stronger industry alignment and capacity building. Some of these enablers may be realized in the next two to three years, while some may take much longer. Together, these factors shape the feasibility, credibility, and pace of transition across global markets.

Regulatory and Policy Frameworks

Clear and consistent regulation is essential for climate transition. This includes carbon pricing mechanisms, building codes, and energy efficiency standards, as well as ambitious policies supporting technologies such as sustainable aviation fuel, biogas, and carbon capture and storage. For sovereign issuers, the absence of a standardized governance framework enforcing Paris Agreement commitments remains a major barrier.

Key enablers:

- Carbon pricing mechanisms and climate-related regulations to become more consistent and globally adopted.
- Building codes and energy efficiency standards to tighten, supporting low-carbon construction and retrofits.
- Governments to introduce ambitious policies for renewable energy, sustainable fuels, and carbon capture technologies.

Infrastructure and Technology Development

The pace of global grid expansion and renewable integration is critical to enable large-scale decarbonization. Technological advancements that reduce costs for batteries, synthetic fuels, and biofuels are equally important, alongside innovation in low-carbon building solutions. These developments directly influence the feasibility and cost-effectiveness of transition strategies.

Key enablers:

- Global grid capacity to expand significantly to integrate renewable energy at scale.
- Technological innovation, especially through artificial intelligence (AI), to reduce costs for batteries, synthetic fuels, biofuels, and low-carbon building solutions.
- Emerging technologies (e.g. carbon capture, sustainable aviation fuel) to reach commercial viability within the next decade.

Data Standardization and Transparency

Reliable, standardized data is a prerequisite for credible alignment. The sustainability and climate disclosure standards by the International Sustainability Standards Board (ISSB) are an important development to drive decision useful disclosures. Key gaps include incomplete Scope 3 coverage, lack of biogenic carbon accounting methodologies, and inconsistent sovereign carbon data. External verification of emissions data and targets can be costly and resource intensive, which may make it less accessible for smaller market participants.

Key enablers:

- Standardized GHG accounting methodologies, including biogenic carbon, to be finalized and widely adopted.
- With the development of AI and advanced data processing, scope 3 emissions and supply chain data coverage as well as quality to improve, reducing reliance on costly bespoke solutions.
- Sovereign and corporate climate data to become more reliable and accessible.

Market Instruments and Financial Innovation

Continued issuance and adoption of labeled bonds—such as green, social, and just transition bonds—are necessary to channel capital toward climate-aligned projects. These instruments provide transparency and accountability, particularly in sovereign and corporate markets, and help finance social dimensions of the energy transition.

Key enablers:

- Issuance of green, social, and transition bonds to continue growing, providing financing for climate-aligned projects.
- Market participants to increasingly adopt frameworks like NZIF, Assessing Sovereign Climate-related Opportunities and Risks (ASCOR), and CRREM, creating consistency in alignment metrics.

Industry Alignment and Capacity Building

Greater alignment among limited partners (LPs) on decarbonization is needed to create market-wide pressure for private markets. Additional resources for footprinting and decarbonization planning are critical, as these processes remain costly and are currently concentrated among larger managers. Without broader capacity building, progress will be uneven across the industry.

Key enablers:

- A greater alignment among limited partners (LPs) on climate goals, creating stronger market pressure.
- Resources for carbon footprinting and decarbonization planning to become more affordable and scalable, enabling smaller managers to participate.

Our approach to delivering clients' climate ambitions will remain dynamic, evolving as assumptions around regulations, technology, data, and market alignment materialize. As the landscape changes, this may involve adjusting our strategies, updating priorities, and addressing emerging risks and opportunities.

3.4 | Resources and capacity to drive our work forward

In order to successfully carry out the work in this Climate Transition Plan, we need to have appropriate and strategic resources in place. APG Asset Management has been investing in building internal capacity to drive the climate transition, through research, data, tools and dedicated climate specialists.

Research

APG AM conducted a research project on materials transition and published [a report](#) in 2025, based on insights gathered from collaboration, thorough analyses, and active engagement with partners, industry experts and thought leaders from around the world. This research topic stems from a clear recognition: achieving global climate goals is impossible without addressing the material foundations of the energy transition. The materials sector accounts for approximately 15% of global emissions, and demand for critical raw materials - such as lithium, cobalt, and rare earth elements - is surging as renewable energy and electrification accelerate. This creates systemic risks, including supply shortages, geopolitical dependencies, environmental and social challenges, which could undermine progress toward net zero targets.

Our work highlights that the materials transition is not a distant ambition but an urgent priority, requiring innovation, regulatory clarity, and collaboration across industries and governments. Through this research, we found that responsible capital allocation toward sustainable technologies, recycling solutions, and circular economy models is essential to reduce climate risk and capture long-term growth opportunities. In 2025, our CEO hosted an US roundtable featuring experts from across the critical minerals ecosystem to share our findings from this research.

We also try to foster knowledge building by funding or participating in external research programs. For example, as a research funding partner to the Transition Pathway Initiative, we provide input and feedback on their research agenda. As part of the SDI-Asset Owner Platform (SDI-AOP), APG AM supported [a research project on avoided emissions](#), to help standardize the assessment of avoided emissions through a transparent and consistent methodology. We will continue to explore opportunities for research that contributes to our work on climate transition.

Data and tools (as of 2025)

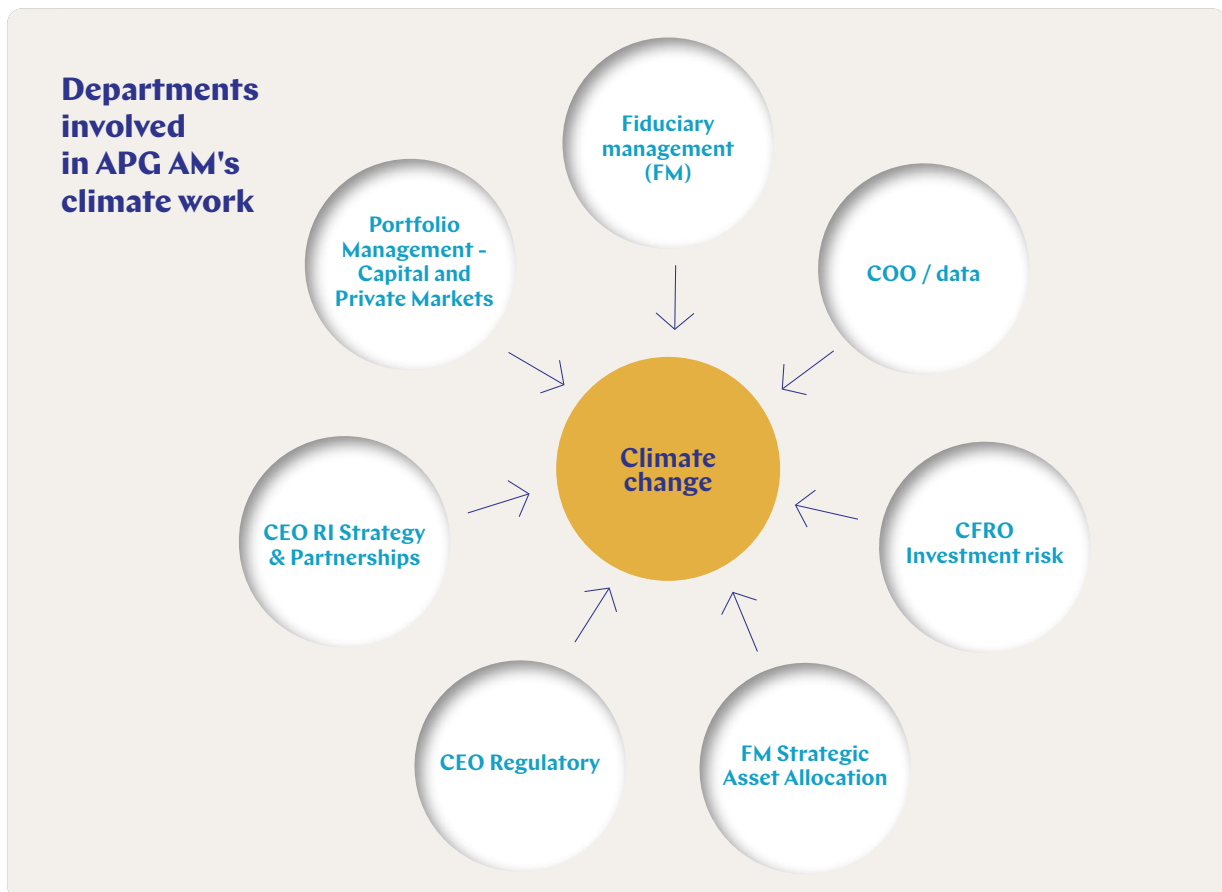
To assess climate-related risks and alignment, APG AM uses a combination of proprietary and external data sources. For climate risk analysis, we rely on an internally developed Climate Risk Tool, which incorporates S&P's Climate Risk Models to perform transition and physical risk assessments across listed asset classes - a capability we have had since 2025. Some of our asset classes also make use of the IBAT (Integrated Biodiversity Assessment Tool) for biodiversity screening and RepRisk for ESG controversies. More information on our use of climate risk data can be found in ABP's Climate and Nature report.

Carbon emissions calculations rely primarily on ISS and LSEG data, alongside Sustainalytics for emission disclosures. These inputs help refine our clients' investable universe. For the Net Zero Investment Framework alignment assessments, we leverage the Transition Pathway Initiative (TPI) online tool to evaluate short-, medium-, and long-term alignment performance, supplemented by SBTi's target classification, CA100+ long-term target data, and MSCI insights. Additionally, we use SDI Asset Owner Platform (SDI AOP) data to verify alignment with the UN Sustainable Development Goals, so that our investment decisions support broader sustainability objectives. APG AM's methodology for measuring our investment-related carbon emissions is described in the document "How do we measure the CO₂ footprint of our investments?" [available on our website](#).

We will continue to explore new data sources, tools and methodologies to better assess our carbon footprint and track progress.

People and expertise

At APG Asset Management, climate change is embedded across our organization, and our ability to deliver on client climate ambitions depends on the expertise of our people and our collaborative work. Multiple teams collaborate to support our clients and deliver their climate ambitions. Each team plays a critical role in driving our work on climate transition, often led by dedicated RI specialists within the team who focus on climate change. Below diagram describes various departments driving our work on climate change, at the time of writing this report.



Engagement Strategy

The Engagement Strategy sets out APG AM's approach to influencing real-world climate outcomes through active ownership and collaboration. Recognizing that capital allocation alone cannot deliver systemic change, this section details how APG AM engages with companies, industry bodies, policymakers, and civil society to drive credible transition plans, strengthen climate governance, and advance just and equitable pathways to net zero. It highlights engagement priorities across asset classes, integration of climate, nature, and social considerations, and APG AM's leadership in global initiatives and regulatory dialogues. By fostering transparency, accountability, and collaboration, we aim to accelerate progress toward Paris-aligned goals and create long-term value for clients and society.

4.1 | Engagement with companies

Our engagement approach

Engaging with our portfolio companies is a central element of APG AM's and its clients' responsible investment approach. Our engagement activities⁶ include the following:

- Meeting board members, senior executives, or management of portfolio companies;
- Writing emails or letters to a company to raise concerns;
- Participating in company governance (e.g. board) through direct ownership in private investments
- Using proxy voting to influence corporate decisions and policies in line with stewardship goals;
- Co-filing or supporting shareholder resolutions (escalation).

APG AM, on behalf of its client, prioritizes companies for engagement in three ways:

- **Broad Engagements:** Engagement with a large group of companies from different sectors that has a major impact on our focus themes with the aim of guiding them toward meeting our minimum requirements in the future;
- **Focus Engagements:** Intensive engagement with a small number of companies in our portfolio with the aim of achieving positive impact by using company- and sector-specific expectations;
- **Risk Engagements:** Ad hoc engagement with companies that violate legislation and international sustainability norms and standards, aiming to mitigate, prevent, or resolve negative impacts.

Under the 'Broad Engagement' program, APG AM informs companies about our clients' evolving expectations on responsible investing. Meeting those is a pre-condition for companies to be part of the investment universe. This dialogue enables us to clarify and understand a company's relative positioning. Further details on the 'Focus Engagement' program are described below per relevant climate topic.

Our company engagements are performed by investment teams. APG AM speaks with one voice on behalf of the clients. In the course of an engagement, we make use of in-house expertise, corporate disclosures, company-specific data provided by our research providers and other external sources such as brokers, NGOs or investor networks. Engagements are logged in an Engagement Management System and presented on the APG AM internal dashboard, as well as client engagement dashboards and reports.

Climate mitigation engagement

Our clients have set the goal to bring the investment portfolio in line with the objectives of the Paris Agreement. APG AM's engagement targets and expectations on climate change mitigation focus on greenhouse gas emissions reduction and companies' transition plan setting, aimed to contribute to achieving the client targets. The following are some general expectations on businesses linked to climate change:

- Submit a climate plan in line with the Paris Accord and disclose it
- Set out climate objectives in line with net zero emissions in 2050, including short-, medium- and long-term goals for reducing GHG emissions
- Reporting on emissions of their production and in the supply chain
- Dedicate investments or resources that show that the business is really going to attain those goals
- Have a plan for coal phase out (for certain companies targeted for engagement)
- Show regularly that they are taking the necessary measures to achieve the Paris climate goals.

The Listed Equities and Corporate Bonds investment teams actively engage with companies on climate mitigation, with detailed sector-level and company-level asks. They prioritize companies in the high impact sectors, such as auto, chemical industry, utilities, food companies, and cement companies as part of the 'Focus Engagement' program. The teams have engaged on topics such as SBTi verification of targets, stimulation of electric transportation and renewable energy usage. In addition to the general asks, they expect to see sector-specific progress (e.g. EV initiatives for car manufacturers), based on sector-level expectations our clients have outlined in their policies.

Collaborative engagements with other investors can be one of the most effective ways of achieving our goal of climate transition. The Listed Equity team is the lead engager with various companies within the Climate Action 100+. As a group, we try to encourage investee companies to formulate clear goals and timelines for reducing their emissions that are in line with the Paris Climate Agreement.

Climate adaptation engagement

Adapting to the ever-evolving consequences of climate change is essential to maintain a sustainable world for future pension beneficiaries. Climate adaptation is a component of our clients' climate policy, and APG AM has therefore set out expectations for investees on climate adaptation:

- Ensure best-in-class governance and management of climate-related risks;
- Conduct assessments of potential financial & operational impact from climate risks;
- Perform relevant stress tests on supply chains;
- Develop a climate adaptation plan and implement actions.

APG AM addresses physical climate risks through active stewardship across asset classes. Within Infrastructure, the team engages with portfolio company boards and management to support the systematic identification and management of physical climate risks and to promote the integration of resilience considerations into investment governance and oversight.

The Private Natural Capital team embeds adaptation in annual due diligence and reporting, with managers implementing fire risk monitoring and early warning systems during high-risk seasons. The Real Estate team engages external managers to assess the materiality, effectiveness, and cost-efficiency of adaptation measures, while the Private Equity team reviews GPs' processes to identify and manage climate-related impacts through board-level oversight and incident reporting and engages where applicable on gaps. These practices collectively aim to mitigate physical risks and enhance long-term asset resilience.

Engagements considering climate and nature

Where relevant, APG AM incorporates nature considerations in our engagement. The Listed Equity and Corporate bond asset classes discuss deforestation and land conversion issues in engagement along with climate. They are actively involved in collaborative engagements on nature, for example APG AM is the lead or a member of multiple working groups under the Nature Action 100 initiative and the UN PRI Spring Initiative.

Our Private Natural Capital team has engaged with managers on integrated land-use strategies, combining timber production with solar deployment, carbon capture, and afforestation, supported by contract reviews and economic assessments. The Infrastructure team engaged with developers on ecosystem impacts and biodiversity through measures such as environmental impact assessments for hydropower projects and agrivoltaics to reduce land-use conflicts while enhancing biodiversity. This approach illustrates APG AM's efforts to align climate objectives with nature-positive outcomes through structured, asset-specific engagement.

Engagements considering social aspects

APG AM integrates social considerations into its climate transition engagement strategies across asset classes, so that decarbonization efforts do not compromise community well-being or labor standards. In listed asset classes, APG AM incorporates just transition considerations into investment and engagement programs, focusing on sectors where decarbonization has significant social implications. Equities and Corporate Bonds teams prioritize themes such as workforce transition and supply chain impacts, particularly in engaging with industries like automotive, where electrification affects jobs and regional economies. They also engage the auto industry and utilities on responsible sourcing of critical minerals and on respecting the indigenous communities when developing renewables. Government Bonds team's engagement targets sovereign and sub-sovereign issuers on social and just transition bond frameworks, with the aim of addressing affordability, job reskilling, and social consequences of the energy transition. Examples include issuers such as Spain and Germany, where social bond programs explicitly support workforce adaptation and energy affordability measures.

In private markets, our Private Natural Capital team integrates social considerations into due diligence and monitoring alongside climate and biodiversity objectives. Where relevant, the team tries to engage entities on topics such as labor conditions, health and safety, and impacts on local and indigenous communities. The Infrastructure team applies similar principles across its investment activities by assessing labour laws, labour standards, and occupational health and safety as part of operational due diligence. Where gaps are identified, engagement is used to support improvements and address identified risks as part of the investment decision-making and oversight process.

Active ownership and voting

Our client policies on voting highlight a clear and consistent direction on using voting as a strategic tool for the Listed Equity asset class to influence corporate climate action. The respective investment teams critically evaluate climate transition plans presented by companies, with voting decisions tied to the quality, credibility and performance of those plans. Common expectations include alignment with the Paris Agreement, the inclusion of both short- and long-term emissions reduction targets, and coverage of scope 1, 2, and 3 emissions. Plans are checked against feasibility, measurability, and comprehensiveness (covering the majority of business operations). Investment in new fossil fuel capacity is viewed unfavorably.

Transparency and disclosure are essential, with companies expected to clearly communicate their climate strategies and progress. Integration of climate goals into executive remuneration and investment planning is a recurring theme, reflecting a desire to embed sustainability into corporate governance and financial decision-making. APG AM critically assesses climate-related voting items and deviates from proxy recommendations if underlying data is inaccurate (e.g., emission disclosure, credible target setting, remuneration linked to climate goals).

Voting is not treated in isolation but as part of a broader stewardship and engagement strategy. In cases where companies fall short of expectations, voting may extend beyond climate plan approval to include opposition to board appointments, particularly the chairperson. Companies that fail to meet our clients' climate expectations may face opposing votes, especially those that do not disclose their CO₂ emissions. Companies that lack credible, time-bound transition plans and interim targets commensurate with sector pathways may face voting-related consequences, taking into account regional context, data quality and client policy.

Proxy voting records are disclosed on our clients' websites and our own. Thematic voting results including those related to climate change are reported periodically to our clients. Where appropriate and consistent with client policy, market practice and regulatory requirements, we may consider public signalling of stewardship intentions.

Shareholder proposals related to climate are generally supported unless they risk legal overreach, harm to shareholder value, or conflict with the company's existing credible climate strategy. Overall, our approach reflects a firm, principle-based stance on climate accountability, with voting leveraged as a mechanism to drive meaningful corporate change.

The Infrastructure investment team practices active ownership through board representation and contractual governance rights. This includes using these rights to promote robust sustainability governance, such as the inclusion of sustainability-related provisions in shareholder- and investment agreements as well as the incorporation of climate-related objectives into management incentive plans. The Private Equity team engages with GPs to implement annual board-level climate discussions at portfolio companies and to set climate targets for the portfolios.

Escalation

When listed companies fail to make sufficient progress on climate-related engagement objectives, APG AM applies a structured escalation ladder tailored to different engagement programs in line with client policies. In general, this begins with regular engagement which can progress to intensified dialogue, involving senior management or collective engagement efforts. If progress remains inadequate, APG AM may, on behalf of its client, exert formal pressure through voting against board members, speaking at shareholder meetings, issuing public letters, or supporting shareholder resolutions. Escalation decisions are based on clear triggers such as lack of progress over an appropriate period and assessed case-by-case against sector context, client policy and available evidence.

The escalation process is overseen jointly by the listed investment teams and the RI Execution team (RI Ex), with final escalation to the CIOs. In severe cases in certain risky companies, divestment is considered.

4.2 | Engagement with industry

APG AM collaborates with different stakeholders within and beyond the financial sector in order to contribute to achieving our clients' climate goals and to advance climate transition.

APG AM has signed the financial sector's Commitment to the Dutch Climate Agreement, where we are expected to develop a climate transition plan to demonstrate a robust way to achieve our climate targets. As a signatory we participate in the consultations and discussions on the progress and future direction of the climate commitments.

We sit on the board of the Institutional Investors Group on Climate Change (IIGCC), and our employees from various investment teams are part of its working groups. APG AM is a signatory to the Net Zero Asset Managers (NZAM) initiative. We provide our input on consultations and directly engage with the IIGCC team on various topics, including physical climate risk and deforestation.

We actively use the research and data provided by the Transition Pathway Initiative (TPI) Global Climate Transition Centre in the evaluation of companies climate credentials. The data is both used to inform screening, as well as integrated into the voting policy. APG AM also engages with the Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) research team and uses its data. As a research funding partner for the TPI Centre, we provide our input to shape the direction of its research work.

APG AM engages with stakeholders across industries by hosting roundtables and events on climate change investing. In 2025, we hosted a Dutch roundtable on "Sustainability versus returns," organized by Chapter Zero Netherlands—the Dutch chapter of the Climate Governance Initiative, where supervisory board members from several major Dutch companies discussed the role of board directors in safeguarding realistic climate transition pathways. We hosted another workshop titled "What can investors do about climate change?" as part of a global series organized by the London School of Economics and the Environmental Defense Fund. This event brought together a dozen European investors in our office to discuss climate targets, effective mechanisms and collaborations for asset managers. The lively exchange of ideas at both roundtables informed APG AM's own climate transition plan and its advice to clients. Our RI Strategy & Partnership team coordinates these engagements with topic expertise. By hosting and participating in these dialogues, APG AM aims to support knowledge sharing and industry engagement on climate transition.

APG AM on an asset class level demonstrates leadership in shaping global frameworks and reporting standards through active participation in key industry initiatives. The following describes our engagement work with selected industry bodies in private markets: class:

- A member of the Real Estate investment team serves as Chair of the Interim Board at the CRREM Foundation, which provides science-based pathways to measure to what extent real estate assets are "Paris-proof". The team sets high standards through CRREM, SBTi, and Green Building Certificates, engaging directly with companies to drive measurable sustainability improvements. The team also is an interim Chair of the Global Real Estate Engagement Network (GREEN) Initiative, whereby a group of asset owners and managers established a platform and jointly drafted an investor statement including actions expected from real estate companies.

- The Private equity team is working to advance climate-related reporting across its portfolio, driven by a series of targeted engagement initiatives. These include hosting a webinar on greenhouse gas (GHG) emission footprints for managers, founding and actively promoting the ESG Data Convergence Initiative (EDCI), and issuing annual EDCI data requests.
- The Infrastructure team plays a pivotal role in investor guidance by participating in theGRESB Foundation Board and participate in working groups with the IIGCC to progress asset class-level guidance.

4.3 | Engagement with government, public sector, and civil society

Following our clients' policy on engaging with policymakers and governments, APG AM aims to focus on a few priority areas to create an enabling environment to advance just, equitable and resilient climate transition. Consistent with client policies, we support transparent, credible policy frameworks that enable efficient decarbonization (e.g., effective carbon-pricing mechanisms). Recognizing that a resilient and future-proof energy network is essential for integrating renewable energy sources and meeting climate goals, APG AM advocates for regulatory frameworks that enable institutional investment in electricity and heat grids.

APG AM actively engages with industry standard setters to advance credible climate frameworks. Our Real Estate provided feedback to an industry association to ensure CRREM alignment was recognized as a credible metric within EU Taxonomy technical screening criteria. The Government Bonds investment teams engaged directly with the EU and Dutch governments on the EU Green Bond Standard and EU Taxonomy, while contributing to consultations on labeled debt frameworks through the International Capital Market Association (ICMA), the Climate Bonds Initiative, and the Global Investors for Sustainable Development (GISD) Alliance. The team also engaged the EU Commission and Multilateral Development Banks (MDBs) in supporting sustainable finance in emerging and developing markets. Across Equities and Corporate Bonds, APG AM maintains ongoing dialogue with regulators globally to promote consistent climate transition policies and strengthen labeled debt standards.

Since deforestation is a priority topic to one of our clients, APG AM signed the letter drafted by IIGCC to the European Commission policymakers asking for the EU Deforestation Regulation (EUDR) to be implemented without delay. These efforts underscore our role in shaping policy environments that support nature conservation and decarbonization. As a member of the new World Economic Forum (WEF) Global Futures Council on Natural Capital, APG AM also provided extensive feedback involving several colleagues for the WEF's [Finance Solutions for Nature: Pathways to Returns and Outcomes](#) report in 2025.

APG AM will continue to focus on policies or regulations that can help create a more enabling environment. As APG AM is moving to a one-client model, our approach will increasingly synergize with the climate transition agenda and topics of our client.

Metrics and Targets

This chapter outlines APG AM's metrics, targets, and progress in advancing the climate transition across its fiduciary investment activities on behalf of clients. The investment-related climate metrics and indicators that capture real-economy impact provide a structured framework to assess progress toward APG AM's 2030 and 2050 climate objectives. These also guide us in realizing our clients' climate ambitions and contributing to systemic decarbonization in the real economy.

5.1 | Investment-related metrics and targets

Implementing our clients' climate ambitions

As a fiduciary manager investing on behalf of our clients, APG AM's goal is to deliver our clients' ambitions and targets on climate transition and to contribute to making a meaningful impact in real economy. One of our clients ABP has time-bound investment targets to support climate transition set out in its climate and impact investing policies. APG AM's investment activities to deliver against these targets are discussed in the Products and Services section of this report.

These investment efforts support our clients' and APG AM's broader climate ambitions: achieving net zero greenhouse gas emissions across its entire investment portfolio by 2050 and reducing absolute (financed) emissions by 50% by 2030 compared to 2019, covering Scopes 1, 2, and 3 across all asset classes.

In order to deliver these targets, APG AM utilizes its implementation and engagement strategy outlined in this climate transition plan, and quarterly reports on progress to the clients via the Fiduciary Management team. On an asset-class level, APG AM has an ambition to advance climate transition by applying the Net Zero Investment Framework, in order to be able to implement our clients' targets in time.

Asset-class level ambitions and metrics

As a signatory to the Net Zero Asset Managers Initiative, we use the Net Zero Investment Framework (NZIF) as the foundation of our approach for setting the asset-class level ambitions. Our NZIF baseline methodology applies the NZIF Guidance 2.0 published by the IIGCC across asset classes using seven core criteria - Ambition, Targets, Disclosure, Decarbonization Plan, Capital Allocation Alignment, Emission Performance, and Climate Policy Engagement.

Companies and assets are classified into alignment maturity buckets as follows:

- Insufficient data / Not committed
- Committed to aligning
- Aligning
- Aligned
- Achieving Net Zero

Some of the private market asset classes have set out their ambitions and baseline in line with the NZIF Guidance 2.0. APG AM's ambition is to move beyond portfolio-level emissions metrics and focus on assets ready and equipped for the transition by assessing investments along the net zero alignment maturity scale (e.g. All existing assets will be net zero "aligned" or net zero "aligning" - as per the NZIF guidance - by 2030). Across the portfolio, we aim to progressively increase the share of assets that are aligned or aligning with net zero, while striving to ensure new investments demonstrate credible alignment over time.

APG AM's approach reflects a long-term ambition to achieve net zero alignment by 2050, with interim milestones that prioritize transparency, engagement, and sector-specific pathways. These ambitions are underpinned by active ownership, capital allocation toward transition and climate solutions, and continuous monitoring against credible standards. We will continue to track the NZIF alignment progress made against the baseline for these private asset classes and explore the possibility of setting baseline and targets for other asset classes. Such progress may be disclosed through our clients' reporting as more tracked data becomes available.

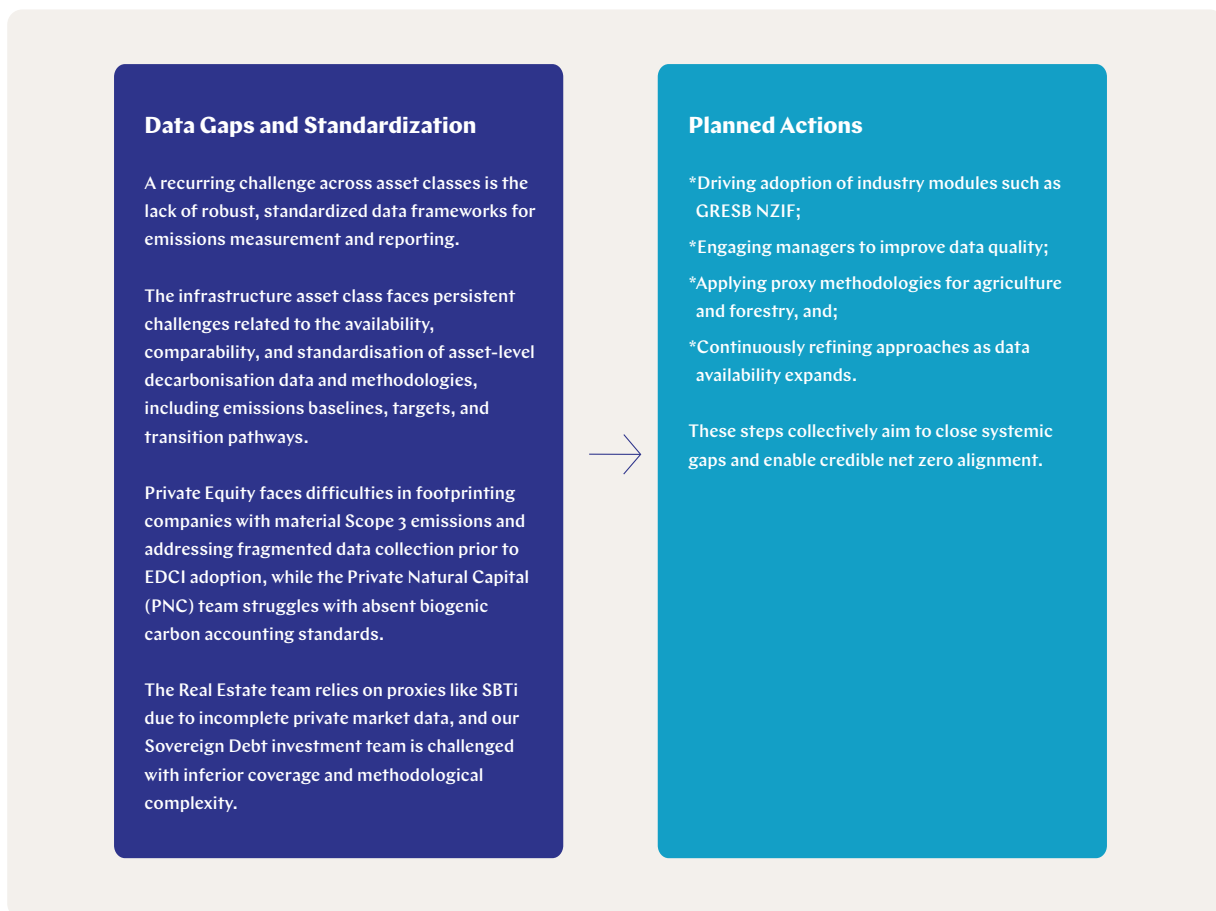
Across asset classes, engagement is a core lever for driving net zero alignment and broader sustainability objectives. While approaches vary in intensity and scope, all strategies emphasize active dialogue with managers and portfolio companies to influence decarbonization, governance, and ESG integration. The Capital Markets Investment teams prioritize sectoral engagement for climate topics, including adoption of credible decarbonization plans and renewable energy integration. They utilize clear performance indicators, company-level targets and escalation and the approach is tied to client climate policy.

The Private Markets Investment teams use engagement goals to steer the direction of travel and measure their progress, including the following examples:

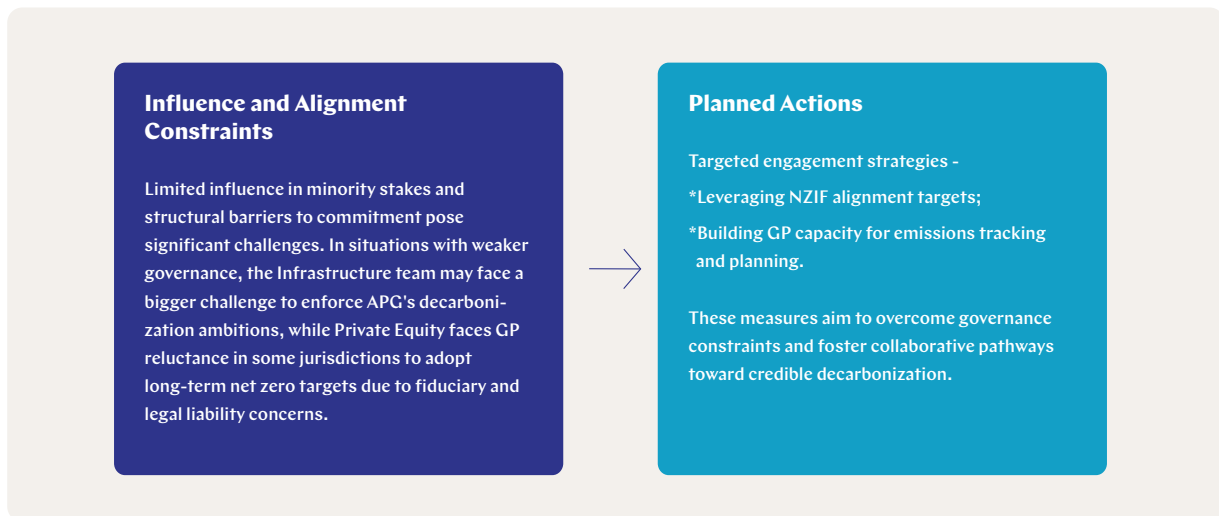
- Formalize up to three engagement targets per year on priority topics including climate change.
- Maintain continuous engagement with 100% of managers and portfolio companies.
- Conduct GP-level engagement based on due diligence findings, with recommendations consistently including climate alignment improvements.

Challenges and planned actions for implementing our net zero ambition

The NZIF baseline assessment revealed a set of structural and operational challenges that cut across asset classes, reflecting both systemic limitations and sector-specific complexities. The following sections outline the key challenge types and APG AM’s planned actions to mitigate these risks and advance credible net zero alignment over the next three years, based on input from our investment teams.







BOX 2: Progress made in line with the [Dutch Financial Sector Climate Commitment](#)

As a signatory to the Dutch Financial Sector Climate Commitment, APG AM has shared progress data on carbon emissions reductions (from assets it manages for its clients) with the Dutch Fund and Asset Management Association (DUFAS). We tracked our emissions across different asset classes and measured scope 1, 2, and 3 emissions, representing about 90% of our assets under management (AUM).

This dataset covers all relevant asset classes that APG AM manages on behalf of its clients. We reported that APG AM's FY2024 absolute carbon emissions data showed an overall reduction in both Scope 1+2 emissions (-5%) and Scope 3 emissions (-10%) across the invested portfolio compared with FY2023.

APG AM reports on a quarterly basis progress to its clients on delivering their climate targets via internal dashboard system. Our clients disclose progress on their net zero objectives publicly.

The insights from the year-on-year comparisons reinforce APG AM's climate strategy by highlighting where emissions reductions are progressing as expected and where further action is needed. We will be monitoring the evolution and advancement of carbon emissions data across our asset classes and trying to improve the coverage and quality of data over time. We will also continue tracking our performance on greenhouse gas emissions reduction for our clients as well as for alignment with the Dutch Climate Commitment.

5.2 | Measuring real world impact

Advancing climate transition in the real economy is critical because real-world emissions reductions—not just portfolio-level metrics—are what ultimately determine progress toward the Paris Agreement. Investors play a unique role in this process: unlike corporates, they are not directly responsible for emissions but exert influence through capital allocation and active ownership. This makes the challenge twofold—avoiding strategies that only reduce financed emissions on paper while allocating capital flows to sectors and companies where impact is most needed. Financed emissions (absolute and intensity-based) are useful for portfolio performance comparison, aggregation and prioritization of heavy emitters. Strategies focused solely on portfolio decarbonization however, risk excluding high-emitting companies, removing capital from transition-critical areas, and overlooking opportunities to finance technologies that enable systemic change. This is why APG AM is shifting from measuring only financed emissions to deploying other metrics that could help us better understand our impact in advancing climate transition.

This includes allocating capital to transition and climate solutions at scale, with investment directed toward technologies and assets that enable decarbonization. APG AM actively engages high emitters to influence credible transition plans, recognizing that net zero pathways differ across sectors and regions. Success depends on prioritizing quality over quantity, possessing deep company knowledge, applying credible escalation strategies, and aligning with broader stewardship policies.

We assess our contribution to real world climate progress using indicators such as carbon emissions avoided through impact investments, renewable energy capacity supported, and measurable outcomes from our engagement activities. By continuing our stewardship work to help companies and entities advance along the NZIF alignment maturity scale, we aim to strengthen our influence on climate transition and support tangible emissions reductions in the real economy.

Appendix 1. Abbreviation

ASCOR	(Assessing Sovereign Climate-related Opportunities and Risks)
CA100+	(Climate Action 100+)
CBI	(Climate Bonds Initiative)
CDP	(Carbon Disclosure Project)
CREO	(Clean Energy and Resource Optimization)
CRREM	(Carbon Risk Real Estate Monitor)
EDCI	(ESG Data Convergence Initiative)
GFANZ	(Glasgow Financial Alliance for Net Zero)
GIIN	(Global Impact Investing Network)
GISD	(Global Investors for Sustainable Development Alliance)
ICMA	(International Capital Market Association)
IIGCC	(Institutional Investors Group on Climate Change)
ILPA	(Institutional Limited Partners Association)
ISS	(Institutional Shareholder Services)
LSEG	(London Stock Exchange Group)
NZAM	(Net Zero Asset Managers initiative)
NZIF	(Net Zero Investment Framework)
PRI	(Principles for Responsible Investment)
SBTi	(Science Based Targets initiative)
SDG	(Sustainable Development Goals)
SDIAOP	(Sustainable Development Investments Asset Owner Platform)
TCFD	(Task Force on Climate-related Financial Disclosures)
TPI	(Transition Pathway Initiative)
TPT	(Transition Plan Taskforce)
UNDRR	(United Nations Office for Disaster Risk Reduction)