

Mandatory Website Disclosure

APG Emerging Markets Equity Pool

January 2025

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Mandatory website sections

a) 'Summary'

Investment strategy

The purpose of the Pool is to provide access to a diversified portfolio of equity and equity related products of companies established or otherwise predominantly active in emerging markets for beta exposure and to outperform the benchmark through active management. The Pool's risk exposure is predominately determined by stock specific risk and country risk.

Based on the Good Governance Practices (GGP) test, investee companies in this financial product are (pre-)screened on controversies related to sound management structures, employee relations, tax compliance and remuneration of staff.

SFDR GGP	Metric	GGP Test
1. Sound management structures	• No controversies related to Business Ethics practices in direct operations and supply chains	
2. Employee Relations	• No controversies related to Employees' Human Rights practices in direct operations and supply chains	✗ Sustainalytics: Controversy 4 & 5, confirmed by APG AM research
3. Employee Relations	• No controversies related to Labor Relations in direct operations and supply chains	
4. Tax Compliance	• No controversies related to Accounting & Taxation practices.	
5. Remuneration of Staff	• No controversies related to Staff Remuneration	✗ MSCI: Controversy observed (binary data) confirmed by APG AM research

No sustainable investment objective

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

Proportion of investments

The E/S characteristics apply to all investments in this product, with the exception of derivatives. The product will mainly invest in equities.

Environmental and/or social characteristics

The Pool promotes the following E/S characteristics:

1. Exclusions
2. Reduction of fossil fuel exposure
3. Contribution to SDGs
4. ESG-integration

Monitoring and methodologies for E/S characteristics

The monitoring and methodologies used to measure the attainment of the E/S characteristics vary per characteristic as summarized below:

1. Exclusions: monitoring by semi-annual review and update of the Exclusion list, and publication on clients' websites.

2. Reduction of fossil fuel exposure: the Pool does not invest in companies deriving more than 1% revenue from fossil fuel production/exploration or materially involved in the supply chain of fossil fuel production/exploration.
3. Contribution to the SDGs: identification of SDIs by portfolio management based on the SDI-AOP Taxonomy & Guidance and monitoring on SDI dashboard.
4. ESG-integration: the Pool only invests in companies which meet our minimum expectations on ESG, or in companies with whom we can engage for change.

Data sources and processing

To attain the E/S characteristics promoted by this Pool we use data from different sources such as Sustainalytics, MSCI, ISS, Global Coal Exit List (GCEL), proprietary research and the SDI-Asset Owner Platform.

Limitations to methodologies and data

Sustainability-related data is still less mature than regular financial data and qualitative performance assessments are often translated into numeric values. Generally, we recognize the limitations of the methodologies and data sources for sustainability-related data such as the lack of consistent and transparent measurement methodologies and data assessment processes, and the limited availability, comparability and quality of data. The use of estimated data is limited and does not affect how the E/S characteristics promoted by the Pool are met.

Due diligence

The first line Operational Due Diligence (ODD) function is responsible for the ODD activities in relation to external mandates. The first line ODD function comprises the portfolio managers and ODD Team, with the former having ultimate responsibility for the external mandates they manage on behalf of APG AM's clients.

Engagement policies

Portfolio managers of APG AM engage with the investee companies in this Pool based on client's [engagement policy](#). Proxy voting at the annual general and special shareholder meetings of the investee companies in the Pool is done by APG AM in line with client's voting policy, and voting decisions are published on the client's website.

Designated reference benchmark

Not applicable.

b) 'No sustainable investment objective'

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

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

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

1. Exclusions
2. Reduction of fossil fuel exposure
3. Contribution to the Sustainable Development Goals
4. ESG-integration

d) 'Investment strategy'

The Pool will invest in a combination of investment strategies that capture the growth in emerging economies and equity markets. The Pool will seek diversification by investment philosophy and process (i.e. fundamental versus quantitative, bottom-up versus top-down), investment horizon and style (value, growth, quality). The Pool is divided into the following strategies: Core Fundamental, Core Quant, High Conviction and a Smart RI Strategy. The Pool seeks to outperform the benchmark by combining internally and externally managed strategies. The Pool targets to be beta and style neutral for most risk factors; main risk contribution should come from Country, Stock and Sector positioning. The pool is actively managed against the benchmark.

All the E/S characteristics this Pool promotes are binding elements of the investment strategy.

Good governance practices (GGP) around sound management structures, employee relations, remuneration of staff and tax compliance are considered before making a new investment in this Pool. Based on the Good Governance Practices (GGP) test, investee companies in this financial product are (pre-)screened on controversies related to sound management structures, employee relations, tax compliance and remuneration of staff. The Pool does not invest in companies which do not pass the GGP test, i.e. where GGP controversies are flagged.

SFDR GGP	Metric	GGP Test
1. Sound management structures	• No controversies related to Business Ethics practices in direct operations and supply chains	
2. Employee Relations	• No controversies related to Employees' Human Rights practices in direct operations and supply chains	
3. Employee Relations	• No controversies related to Labor Relations in direct operations and supply chains	
4. Tax Compliance	• No controversies related to Accounting & Taxation practices.	
5. Remuneration of Staff	• No controversies related to Staff Remuneration	
		<p>✘ Sustainalytics: Controversy 4 & 5, confirmed by APG AM research</p> <p>✘ MSCI: Controversy observed (binary data) confirmed by APG AM research</p>

e) 'Proportion of investments'

The E/S characteristics apply to all investments in this product, with the exception of derivatives. The product will mainly invest in equities.

f) 'Monitoring of environmental or social characteristics'

The E/S characteristics this Pool promotes and the sustainability indicators used to measure the attainment thereof are described below:

1. Exclusions

The Exclusion list is updated twice per year (per 1 December and 1 June). The Responsible Investment Execution team reviews corporate involvement assessments of external research providers and, based on its proprietary analysis, recommends any necessary changes to the Exclusion list. Based on this proposal, two months before December or June 1st, the Responsible Investment Committee (RIC) decides on any changes to the Exclusion list to allow for internal decision making, client reconfirmation,

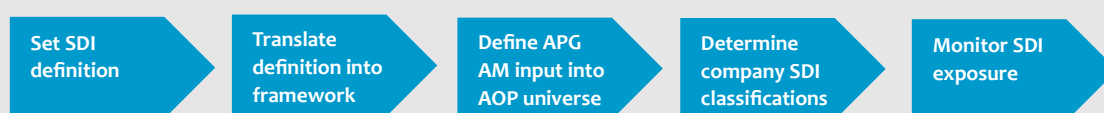
and adequate ability to sell new additions to the Exclusion list. Upon approval, the Exclusion list is formally communicated by the CIO to the organization and the teams responsible for external managers. Relevant benchmarks are subsequently updated per December and June and the updated Exclusion list is published on clients' websites.

2. Reduction of fossil fuel exposure

The Pool does not invest in companies deriving more than 1% revenue from fossil fuel production/exploration or materially involved in the supply chain of fossil fuel production/exploration.

3. Contribution to the United Nations Sustainable Development Goals (SDGs)

Portfolio managers identify investments that qualify as Sustainable Development Investments (SDIs), guided by the SDI Taxonomy & Guidance. The SDI methodology was established by a multidisciplinary team, with representatives from the investments teams, legal, risk and fiduciary management. The Responsible Investment Board approves the SDI methodology, which is re-assessed at least once a year. The end-to-end process regarding SDIs looks as follows:



- This end-to-end SDI process contains the following elements:
- Setting an SDI definition and translating it into the assessment framework;
- Classifying SDIs (companies/assets) either using externally or internally generated data;
- Monitoring and Reporting of SDI exposure.

Once the SDI classification is confirmed, the investment teams will implement the SDI classification in their portfolios as part of their general portfolio management activities. The methodology applied in determining whether a company can be classified as an SDI consists of several steps as further described in the SDI AOP Taxonomy and Guidance.

To monitor progress against SDI ambitions, investment teams have access to the SDI dashboard which provides an overview of the latest (and historic) SDI exposure. In addition to the teams being able to monitor their SDI exposure directly, the Responsible Investment Committee also monitors progress against the ambitions at a total and asset class level and, if deemed necessary, provides an update to the management teams of the investments.

4. ESG integration

This Pool only invests in companies that meet our expectations on ESG on:

- a) Climate
- b) Nature & Biodiversity
- c) Human Rights
- e) Investor Alignment

Sector and market-specific criteria for companies are set broadly in line with the OECD guidelines to test whether there is evidence that investee companies (do not) meet our expectations. The Pool only invests in companies that pass all criteria, or in companies with whom we can engage for change.

g) 'Methodologies for environmental or social characteristics'

1. Exclusions

The Pool does not invest in companies that carry out certain (undesirable) activities. The excluded activities include the following:

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

This also relates to companies indirectly involved through corporate ownership in excluded companies, if: a) the company has a stake of more than 20% in an entity that is directly involved in the production, development, sale or distribution of prohibited weapons; or b) more than 50% of the company's capital is held by an entity that is directly involved in the production, development, sale or distribution of prohibited weapons. If the boards of the former and the latter are near-identical, and/ or the parent entity is not listed, a lower threshold of 20% applies.

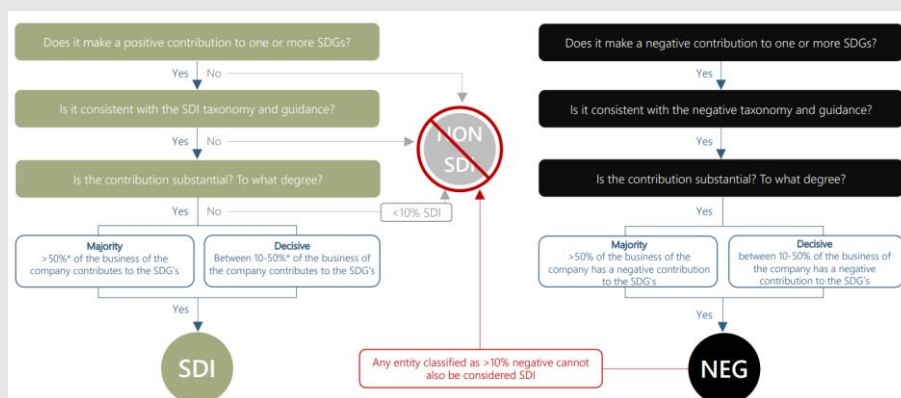
- Exposure to companies involved in the production of tobacco.

2. Reduction of fossil fuel exposure

This Pool does not invest in companies deriving more than 1% revenue from fossil fuel production/exploration or materially involved in the supply chain of fossil fuel production/exploration.

3. Contribution to Sustainable Development Investments

Portfolio managers assess if the products and services of 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. The assessment by portfolio managers of Sustainable Development Investments (SDIs) is based on the methodology as set out in the [SDI AOP Taxonomy and Guidance](#). The SDI methodology was established by a multidisciplinary team, with representatives from the investments teams, legal, risk and fiduciary management. When companies contribute to these goals with their products and services, our investments in those companies are considered to be Sustainable Development Investments (SDIs).



4. ESG Integration

All companies that we can invest in are evaluated using a proprietary method in order to categorize companies on the basis of ESG-criteria. The Inclusion methodology assesses companies on a combination of normative criteria and a relative assessment against a company's class, which is not necessarily defined solely as the industry the company operates in. The combination of the class-relative and normative assessments allows us to distinguish between companies with relatively good and weak

performance compared to their peers, while also helping us assess the extent to which (groups of) companies are (not) demonstrably abiding by fundamental normative standards.

The classification is partly rule-based to generate consistent results most efficiently, and partly qualitative because it can be further adjusted based on our insights into a company’s business and long term outlook, also taking into account engagement results. A company (not) included in the portfolio remains an outcome of an investment choice being made.

Where companies lag behind in terms of ESG performance and we wish to continue to be invested, we will engage with them to improve.

h) ‘Data sources and processing’

To attain the E/S characteristics promoted by this Pool we use data from different sources. The table below shows the sources and limitations per data source.

E/S characteristic	Data source	Data limitations
Exclusions	Proprietary research, Sustainalytics, ISS ESG	Negligible.
Reduction of fossil fuel exposure	Sustainalytics, ISS ESG	Negligible.
Contribution to the SDGs	SDI: SDI-Asset Owner Platform	Limitations in coverage, quality and consistency of the data. The data is made accessible with a delay.
ESG-integration	Sustainalytics, MSCI, ISS, Global Coal Exit List (GCEL)	Limitations in coverage, quality and consistency of the data. The data is made accessible with a delay.

Measures taken to ensure data quality

Before data vendors are selected, several aspects are checked, including the data quality of the vendor, methodologies used, coverage and completeness of data. During the reporting process, sanity checks are performed to ensure data quality and completeness before incorporation in sustainability disclosures. Data providers are assessed annually.

Data Processing

The collection and processing of data is done in multiple ways. It often requires the collection of data from a variety of sources, both internal and external. Integrating different sources into a consistent dataset can be complicated, especially when it comes to different data formats. In general, processes are automated as much as possible to reduce operational risks.

Proportion of data that is estimated

The use of estimated data is limited and does not affect how the E/S characteristics promoted by the Pool are met.

i) ‘Limitations to methodologies and data’

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

The limitations to the methodologies and data used to attain the E/S characteristics promoted by the Pool are described above in section h: data sources and processing. Such limitations do not affect how the E/S characteristics promoted by the financial product are met.

j) ‘Due diligence’

The first line Operational Due Diligence (ODD) function is responsible for the ODD activities in relation to external mandates. The first line ODD function comprises the portfolio managers and ODD Team, with the former having ultimate responsibility for the external mandates they manage on behalf of clients. The most important steps while carrying out an ODD are:

- Trigger: new investment proposal, a scheduled periodic ODD, or an ad hoc request.
- Carry out a background check by the ODD Desk on external party.
- Prepare and submit a due diligence questionnaire and additional information.
- Conduct profound desk research to assess the organizational set-up of the external party.
- Prepare an ODD agenda and have ODD interviews with senior management of the external party.
- Draft an ODD report based on insights gained via prior steps.
- If the report was drafted by portfolio managers, a peer review will be carried out by a specialist of the 1st line ODD Desk to ensure quality and a consistent approach across asset classes.
- Finalize the ODD report.

Further sustainability-related due diligence processes which apply to this Pool involve those described in the Responsible Investment Implementation Guidelines for Emerging Markets Equities, and the internal Business Process Manuals for the client’s RI policy that apply to this Pool. These set out the sustainability-related due diligence and monitoring processes and tools for the underlying assets.

k) ‘Engagement policies’

Portfolio managers of APG AM engage with the investee companies in this Pool based on the client’s [engagement policy](#). Proxy voting at the annual general and special shareholder meetings of the investee companies in this financial product is done by APG AM in line with the client’s voting policy. The Corporate Governance Frameworks and Voting Policies are published on our client’s website. Voting decisions are also made publicly available shortly after the shareholder meeting has taken place.

l) ‘Designated reference benchmark’

Not applicable.