

Pre Contractual Disclosure for the APG Developed Equity RI Index Pool¹

September 2023

1) The disclosures in this document solely relate to APG AM's alternative investment funds ('Pools') and is prepared in accordance with art. 10 of the Sustainable Finance Disclosure Regulation (EU/2019/2088)



APG Developed Equity RI Index Pool

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: APG Developed Equity RI Index Pool

Legal entity identifier: 5493001YQD855G14Y506

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics	
Does this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

This product promotes the following environmental and/or social characteristics²:

Corporate Exclusion Policy

The Corporate Exclusion Policy applies to this product.

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Carbon Footprint reduction

This product reduces the carbon footprint versus the parent index according to a predetermined scheme.

Sustainable Development Investments⁵⁶

This product actively seeks investments in the investable UN Sustainable Development Goals (SDGs). An ambition has been set for this product to invest 20% of assets under management in Sustainable Development Investments (SDIs) by 2025.

Sustainability indicators	
Indicator	Metric
PAI # 1	GHG emissions scope 1+2
PAI # 2	Carbon footprint
PAI # 4	Exposure to companies active in the fossil fuel sector

Social	
Indicator	Metric
PAI # 10	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
PAI # 13	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
PAI # 14	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

2) For more information about the Corporate Exclusion Policy, Corporate Inclusion Policy and the Sustainable Development Investments approach, please see: [Responsible investment, good pension in a sustainable world | APG](#).

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

Benchmark

The customized benchmark that has been designated for the purpose of attaining the E/S characteristics promoted by this product is aligned with the Corporate Inclusion Policy and the Corporate Exclusion Policy. This means that the benchmark for this product excludes the following investments:

- Product based exclusions:
 - Controversial weapons
 - Tobacco production
- Energy and utility companies that we believe to be lagging on climate change. We refer to the Net Zero Investor Framework and identify laggards as companies that have not yet “committed to align” to a net zero pathway. In practice, these are companies that have been found not to have quantitative long-term emissions reduction target.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product??***

Corporate Exclusion Policy

The sustainability indicator to measure adherence to the Exclusion Policy is the absence of excluded products/ companies in this financial product.

Corporate Inclusion Policy

The sustainability indicator to measure adherence to the Corporate Inclusion Policy is the share of leaders in the product, based on the Corporate Inclusion Policy methodology.

Sustainable Development Investments

The sustainability indicator to measure the SDIs is the % of investments classified as SDIs versus the overall NAV of this product.

In addition to the above sustainability indicators, this product considers the following principal adverse impact indicators:

Sustainability indicators			
Indicator	Metric		Explanation
PAI # 1	GHG emissions	Scope 1 GHG emissions	Scope 1 and 2 emissions of the investments in this product are measured and monitored.
		Scope 2 GHG emissions	Scope 3 emissions of the investments in this product are not measured.
PAI # 2	Carbon footprint	Carbon footprint	Based on our carbon footprint target ⁴ , we measure how much carbon is emitted by companies this product invests in and how much of this is attributable to these companies.

4) For more information about the carbon reduction target, please see: [Responsible investment, good pension in a sustainable world | APG.](#)

PAI # 4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	A number of companies active in the fossil fuel sector will be sold based on the Corporate Inclusion Policy. These concern energy and utility companies that we believe to be lagging on climate change. These companies will be divested and subsequently excluded from the benchmark.
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Social			
Indicator	Metric		Explanation
PAI # 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Based on the Corporate Inclusion Policy this product does not invest in companies involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.
PAI # 13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Board gender diversity is addressed through the APG Corporate Governance Framework and Voting Policy ⁵ . The average ratio of female to male board members in investee companies of this product is addressed in our voting behavior which is based on our expectations around board composition and diversity.
PAI # 14	Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Based on the Corporate Exclusion Policy, this product does not invest in controversial weapons.

5) For more information about the APG Corporate Governance Framework and Voting Policy, please see: [Responsible investment, good pension in a sustainable world | APG](#).



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, this product considers PAIs # 1 (partially), 2, 4, 10, 13 and 14. We do not actively promote PAI # 1 but PAI # 2 and 4 have an indirect impact on PAI # 1.

No



What investment strategy does this financial product follow?

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The E/S characteristics this product promotes are binding for the entire investment strategy.

- **What is the policy to assess good governance practices of the investee companies?**

The following good governance practices test is applied for setting the APG GGP Flag.

SFDR GGP	Metric	Explanation	Thresholds for failing the GGP Test
Sound management structures	Controversies related to Business Ethics practices in direct operations and supply chains	This indicator assesses whether a company has been involved in business ethics-related controversies.	Sustainalytics: Controversy of category 4&5, confirmed by APG research.
Employee Relations	Controversies related to Employees' Human Rights practices in direct operations and supply chains	This indicator assesses whether a company has been involved in human rights-related controversies with its employees (e.g. forced labor).	Sustainalytics: Controversy of category 4&5, confirmed by APG research.

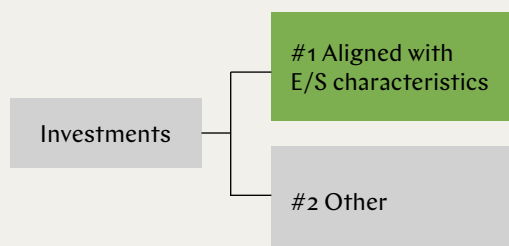
The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

Employee Relations	Controversies related to Labor Relations in direct operations and supply chains	This indicator assesses whether a company has been involved in labor relations controversies (e.g. labor standards).	Sustainalytics: Controversy of category 4&5, confirmed by APG research.
Tax Compliance	Controversies related to Accounting & Taxation practices	This indicator assesses whether a company has been involved in accounting and taxation related controversies.	Sustainalytics: Controversy of category 4&5, confirmed by APG research.
Remuneration of Staff	Controversies related to Staff Remuneration	This indicator assesses if whether a company has been involved in significant controversies related to staff remuneration.	MSCI: Controversy observed (binary data), confirmed by APG research.



What is the asset allocation planned for this financial product?

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



#1 Aligned with E/S characteristics includes the investment of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are only used for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Derivatives use shall comply with APG AM's counterparty policy, collateral policy, liquidity policy and market risk policy.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under “#2 Other” are derivatives.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

This product uses the following benchmark: iSTOXX APG World Responsible Low-Carbon SDI Index, total return(gross dividends) unhedged in Euro.

The index excludes all constituents that are on the APG Exclusion List based on product-related and UN GC exclusion, and includes companies that are classified by APG as ESG Leaders. The index makes use of optimization techniques to have a minimum target exposure to Sustainable Development Investments(SDIs), a maximum target carbon emission intensity and controlled factor and tracking error risk versus a market-cap weighted parent index. The parent index is the iSTOXX World index.

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

First and second line risk keep oversight on portfolio investments. The companies which cannot be invested in are distributed with the Pool managers via an exclusion list and via information in the internally used information systems. The information is based on external vendors and/or proprietary analysis by a designated team: Global Responsible Investment & Governance (GRIG).

● ***How does the designated index differ from a relevant broad market index?***

The index excludes all constituents that are on the APG Exclusion List based on product-related exclusions, and includes companies that are classified by APG as ESG Leaders. The index makes use of optimization techniques to have a minimum target exposure to Sustainable Development Investments (SDIs), a maximum target carbon emission intensity and controlled factor and tracking error risk versus a market-cap weighted parent index. The parent index is the iSTOXX World index.

● ***Where can the methodology used for the calculation of the designated index be found?***

The benchmark is originally based on the iSTOXX methodology, enhanced with the inclusion of Leaders and exclusion of specific companies based on the Corporate Inclusion Policy and the Corporate Exclusion Policy.



Where can I find more product specific information online?

More product-specific information can be found on the website: [apg.nl](https://www.apg.nl).