

# Periodic Disclosure 2023

APG Index Linked Bonds Pool



# APG Index Linked Bonds

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

**Product name:** APG Index Linked Bonds Pool

**Legal entity identifier:** 5493003LKS4Z1MVQH13

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

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

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



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

This product promotes the following environmental and/or social characteristics<sup>1</sup>:

### Sovereign Exclusion Policy

The Sovereign Exclusion Policy had been applied to this product. The product did not invest in the following, based on exclusion policy:

- Bonds issued by countries that are on the EU and UN weapon embargo list.
- Countries feature among the lowest scoring countries on World Bank indicators Voice & Accountability.

### Corporate Exclusion Policy

The Corporate Exclusion Policy applies to this product. The product does not invest in companies involved in the production, sale or distribution of:

- cluster munitions;
- anti-personnel mines;
- nuclear, chemical or biological weapons.

Furthermore, the product does not invest in companies involved in the production of:

- tobacco

Throughout the reference period, there were no breaches of the sovereign and corporate exclusion policy.

### Corporate Inclusion Policy

The Corporate Inclusion Policy had been applied to this product. The product invested in companies which were classified under the policy as leaders and excluded or engaged with companies which were classified as laggards. In the reporting year, there were no breaches in the portfolio regarding the exclusion list.

The *Corporate Inclusion Policy* had been applied to the government related bonds in this product.

### Sustainable Development Investments<sup>2</sup>

This product made additional investments in Green, Social and Sustainable bonds<sup>3</sup> which contribute to Sustainable Development Goals.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters

**Sustainability indicators** Measure how the environmental or social characteristics promoted by the financial product are attained

<sup>1</sup>For more information about the Corporate & Sovereign Exclusion Policy, Corporate Inclusion Policy and the Sustainable Development Investments approach, please see: <https://apg.nl/en/about-apg/asset-management/responsible-investment/>.

<sup>2</sup> Please note that Sustainable Development Investments do not constitute investments as defined by SFDR.

<sup>3</sup> More information: [https://apg.nl/media/wtcpjao/apg-green-social-bond-guidelines\\_2019.pdf](https://apg.nl/media/wtcpjao/apg-green-social-bond-guidelines_2019.pdf)

Other environmental and social characteristics promoted and measured by this product are:

Sustainability indicators		
Indicator	Metric	Explanation
PAI # 15	Sovereign bond carbon footprint	PCAF is an industry led initiative for GHG accounting and reporting. PCAF has issued a global standard (PCAF Global) for carbon footprint measurement and disclosure in 2020 for a number of asset classes. This standard is widely used in the industry and especially among Dutch financial institutions. Within the Dutch Climate Commitment, Dutch pension funds agreed to use PCAF Global as the standard for carbon footprint measurement to ensure comparability.

### ● How did the sustainability indicators perform?

Sustainability Indicators				
Indicator	Description	Metric	Observations/ data over the reporting period 2023	Observations/ data over prior reporting period 2022
Sovereign Exclusion Policy	The sustainability indicator to measure adherence to the Exclusion Policy is the absence of investments in bonds issued by countries that are subject to an arms embargo by the UN Security Council and/or European Union.  Absence of investments in bonds issued by countries that are among the 10% worst performers on Voice & Accountability in the World Bank's governance indicators.	Share of portfolio in excluded countries	We applied the exclusion policy and did not make any investments in the excluded sovereign bonds.	We applied the exclusion policy and did not make any investments in the excluded sovereign bonds.
Corporate Exclusion Policy	This product applies the Corporate exclusion policy and doesn't invest in companies involved in the production, sale and distribution of cluster munitions, anti-personnel mines and nuclear, chemical or biological weapons and companies involved in the production of tobacco.	Share of investments in excluded companies	We applied the exclusion policy and did not make any investments in the excluded companies.	We applied the exclusion policy and did not make any investments in the excluded companies.

Corporate Inclusion Policy	This product applies an active engagement policy to engage on key governance topics among which matters related to social and employee, respect for human rights, anti-corruption and anti-bribery.	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.	No leaders	No leaders
Sustainable Development Investments	The exposure to countries and government related bonds which contribute to the UN Sustainable Development Goals (SDGs) are measured for this product.	The sustainability indicator to measure SDIs is the % of investments classified as SDIs versus the overall NAV of this product.	5.7%	4.2%
PAI #15	Sovereign bond carbon footprint	Sum of sovereign emissions within the product, multiplied by the share of PPP-adjusted GDP.	28,098 tCO <sub>2</sub> e	28,000 tCO <sub>2</sub> e <sup>4</sup>

● **... and compared to previous periods?**

Refer to the table above for a comparison with the previous period. No significant differences exist compared to previous periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

Not applicable.

<sup>4</sup> 2022 figures are adjusted compared to previous reporting period in order to improve comparability

**How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How were the indicators for adverse impacts on sustainability factors taken into account?

Not applicable.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



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

Please see indicator #15 on the Sovereign bond carbon footprint in the table in the previous question.



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2023**.

## What were the top investments of this financial product?

#	Largest investments	Sector	Country	% Assets
1	French Republic	Government	France	43.0%
2	Italian Republic	Government	Italy	30.4%

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



**Asset allocation** describes the share of investments in specific assets.

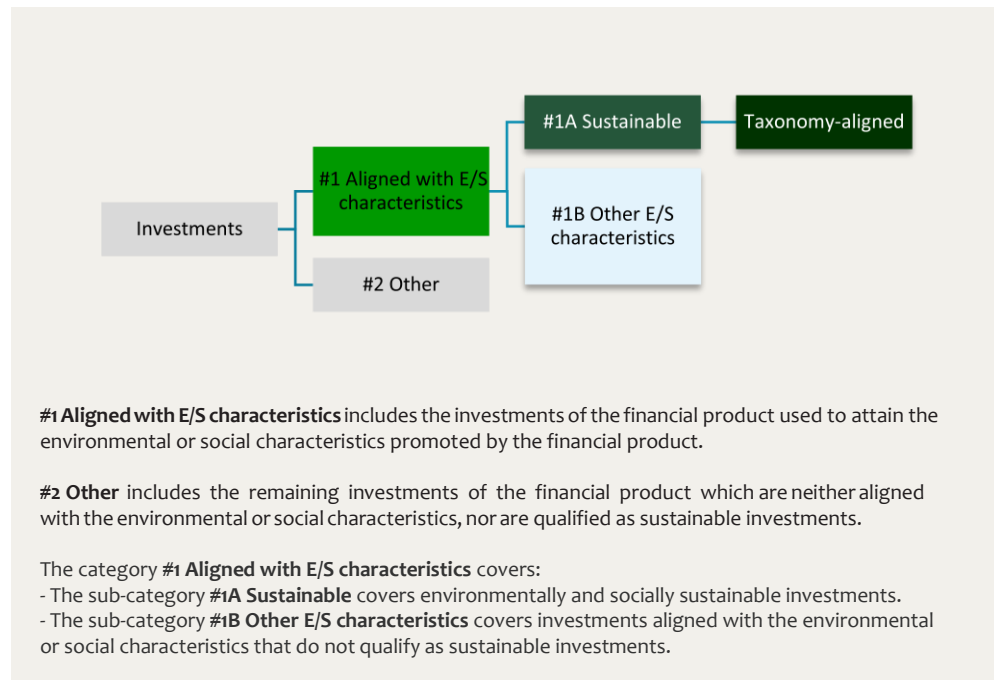
## What was the proportion of sustainability-related investments?

### What was the asset allocation?

The asset allocation of this product is split between investments “aligned with E&S characteristics” (100%) and “other” (0%). The values are calculated based on a quarterly average as a percentage of Net Asset Value.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



### In which economic sectors were the investments made?

Sector	Subsector	% Assets
Government	Not applicable	100.0%

The sectors are calculated based on a quarterly average as a percentage of Net Asset Value. As required by the SFDR regulation, the subsectors related to fossil fuel are provided.





## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Through its investments, the product contributes to the following environmental objectives as set out in article 9 of the EU Taxonomy:

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

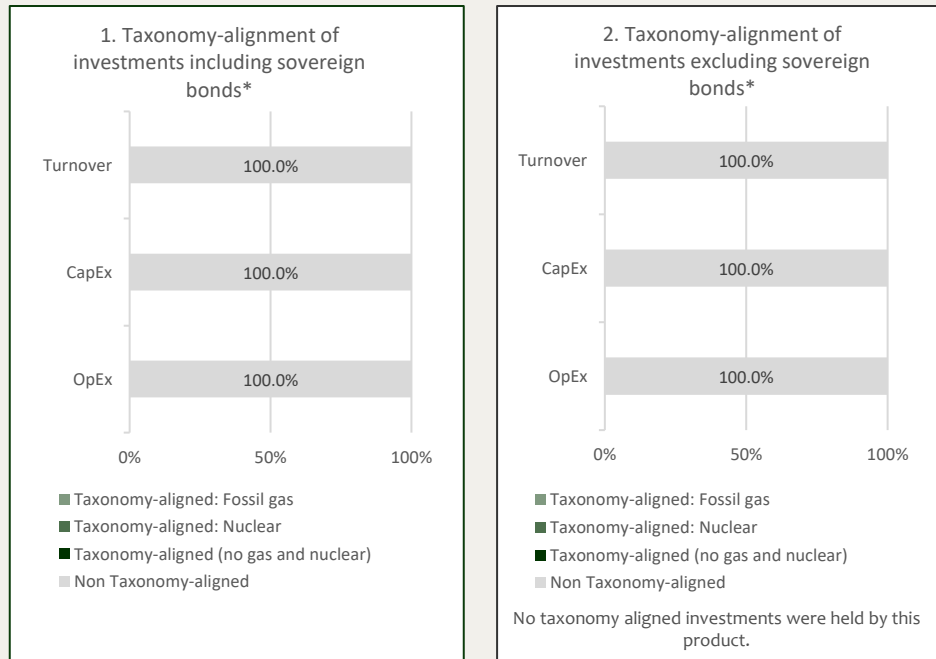
The figures provide the share of taxonomy aligned activities as a share of turnover. The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the company did not publicly report on their taxonomy-alignment, equivalent information where obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>5</sup>?**

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

<sup>5</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds\*\*.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.  
 \*\* For the purpose of readability, the shaded areas in the graph are zoomed in. The size of these areas therefore no longer matches their relative proportion compared to the total.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies did not publicly report on their taxonomy-alignment, equivalent information were obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

**What was the share of investments made in transitional and enabling activities?**

The product invested 0.0% of its investments in enabling activities and 0.0% in transitional activities.

The figures provide the share of taxonomy aligned transitional and enabling activities as a share of turnover. The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies did not publicly report on their taxonomy-alignment, equivalent information were obtained from a third party data provider. The requirements laid down in Article 3 of Regulation (EU) 2020/852 were neither subject to an assurance provided by an auditor nor reviewed by a third party.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Not applicable.



**What was the share of socially sustainable investments?**

Not applicable.



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

During the reference period, no investments were held in the category “other”.



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

**Sovereign Exclusion**

Countries on the exclusion list are not invested in by this product. During the reporting period the exclusion list is regularly updated on June 1st and December 1st.

**Corporate Exclusion**

The exclusion list has been updated, this takes place twice a year. The list of companies involved in the production, sale or distribution of controversial weapons, or the production of tobacco is then updated and communicated with the benchmark provider and external managers.

**SDI ambition**

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

The product contributed to the SDI ambition of clients and had actively increased the number of SDI investments throughout the year by investing in labelled bonds.

Labelled bonds in this case Green Bonds contributed to the UN Sustainable Development Goals. Green bonds are use of proceeds issuances where the proceeds are used to finance or refinance green projects or activities.

The product contributed to the SDI ambition of clients and had actively increased the number of SDI investments throughout the year.

**Inclusion<sup>6</sup>**

- Laggards are not invested in by the manager;
- “Belofte” are engaged with when risk and return characteristics are attractive;
- UNGC violators are marked as permanent laggards and are divested from;
- Companies lagging on climate are excluded;
- Companies excluded based on the inclusion policy are added to the exclusion list and communicated with the benchmark provider and with the external manager.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**How did this financial product perform compared to the reference benchmark?**

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.

<sup>6</sup> Inclusion applies to government related bonds only.