

Periodic Disclosure 2024

APG Alternative Credits Pool



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

Product name: APG Alternative Credits Pool

Legal entity identifier: 549300BUPUURJJBXUZ38

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

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

Environmental and/or social characteristics	
Did this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have a sustainable investment as its objective, it had a proportion of ____% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments


Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

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

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

Exclusion Policy

The Pool does not invest in:

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

Related to PAI-indicator 14.

- companies involved in the production of tobacco.

There were no breaches of the exclusion policy in 2024.

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

Contribution to the SDGs

APG AM assesses how the products and services of our investments contribute to the achievement of the Sustainable Development Goals (SDGs), such as sustainable energy, safe and sustainable cities, decent work and economic growth, and health and well-being. When companies contribute to these goals with their products or services, our investments in those companies are considered to be Sustainable Development Investments (SDIs).

The value of the SDIs as a percentage of total NAV of the Pool was 5.8% (for 2024).

Sustainability indicator 4 relates to this E/S characteristic.

ESG-integration

We require our external managers to adopt the UN Global Compact (UNGC) principles.

Related to PAI-indicator 10 and 11.

Reference Benchmark

No reference benchmark is used to determine whether this financial product is aligned with all the environmental and/or social characteristics that it promotes.

How did the sustainability indicators perform?

E/S characteristic	#	Sustainability indicator	Observations over reporting period	Observations over prior reporting period
1. Exclusion Policy	1	Exposure to controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons). <i>Related to PAI indicator 14.</i>	No investments were made in companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).	No investments were made in companies involved in the production, sale and/or distribution of controversial weapons (anti-personnel mines, cluster bombs, landmines, chemical and biological weapons).
	2	Exposure to companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.	No investments were made in companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.	No investments were made in companies involved in the production, sale and/or distribution of nuclear weapons or key components thereof.
	3	Exposure to companies involved in the production of tobacco.	No new investments were made in companies involved in the production of tobacco.	No new investments were made in companies involved in the production of tobacco.
2. Contribution to SDGs	4	Percentage of Sustainable Development Investment according to the SDI-AOP methodology.	The value of the SDIs as a percentage of total NAV of the pool was 5.8% (reference date Q3 2024, calculated as an average over four quarters).	4.3% of NAV. This number is the average % over 2023.
3. ESG Integration	5	Violations of the of the UN Global Compact Principles or the OECD Guidelines. <i>Related to PAI indicator 10 and 11.</i>	There were no companies identified in violation of the UN Global Compact or OECD Guidelines as of Q4 2024.	There were no companies identified in violation of the UN Global Compact or OECD Guidelines as of Q4 2023.

The reported sustainability indicators can differ from the sustainability indicators that were included in prior reporting period. A prior year comparison can only be made for the sustainability indicators that are currently included.

... and compared to previous periods?

Refer to the table above for a comparison with the previous period.

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

Not applicable.

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

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

Not applicable.

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

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

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



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

This product considers PAI 10, PAI 11 and PAI 14. Please refer to the E/S characteristics section on further details on how these PAI indicators are considered.




The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2024**.

What were the top investments of this financial product?

#	Largest investments	Sector	Country	% Assets
1	Ares European Credits Strategies Fund III (A) L.P.	Financial institutions	Cayman Islands	11.3
2	Fasanara Investments III S.A., SICAV-RAIF - Digital Receivables Fund	Financial institutions	Luxembourg	10.6
3	Angel Oak Mortgage Fund EU B LLC	Financial institutions	Cayman Islands	9.0
4	Private Debt SMA (A) SLP	Financial institutions	Luxembourg	7.1
5	Owl Rock Opportunistic Fund (A), L.P.	Financial institutions	United States of America	6.7
6	Ares Special Opportunities Fund II (Jersey) L.P.	Financial institutions	Jersey	6.4

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

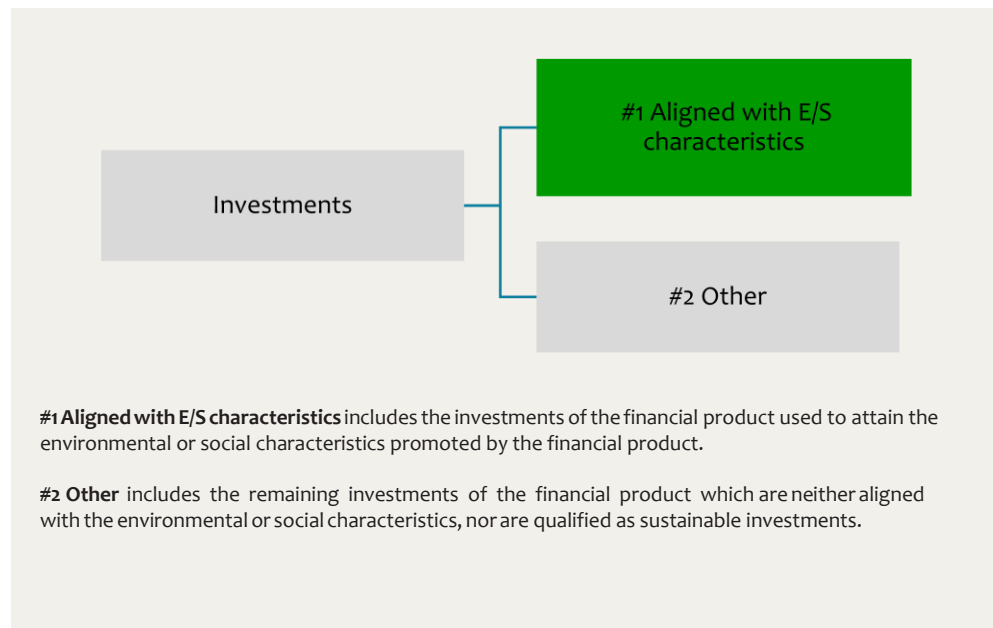


Asset allocation
describes the share
of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

The asset allocation of this product is split between investments “aligned with E&S characteristics” (98.0%) and “other” (2.0%). The values are calculated based on a quarterly average as a percentage of Net Asset Value.



In which economic sectors were the investments made?

Sector	% Assets
Convenience goods	0.1
Financial institutions	89.6
Healthcare	0.3
Industrial companies	0.5
Information technology	0.4
Luxury goods	0.3
Securitized	8.2
Telecommunications	0.6

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



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

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

- climate change mitigation: 0.0%
- climate change adaptation: 0.0%
- sustainable use and protection of water and marine resources: 0.0%
- transition to a circular economy: 0.0%
- pollution prevention and control: 0.0%
- protection and restoration of biodiversity and ecosystems: 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 Taxonomy figures were neither subject to an assurance provided by an auditor nor reviewed by a third party. The fund does not commit to make any investment with an environmental objective aligned with the EU Taxonomy.

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.

Taxonomy-aligned activities are expressed as a share of:

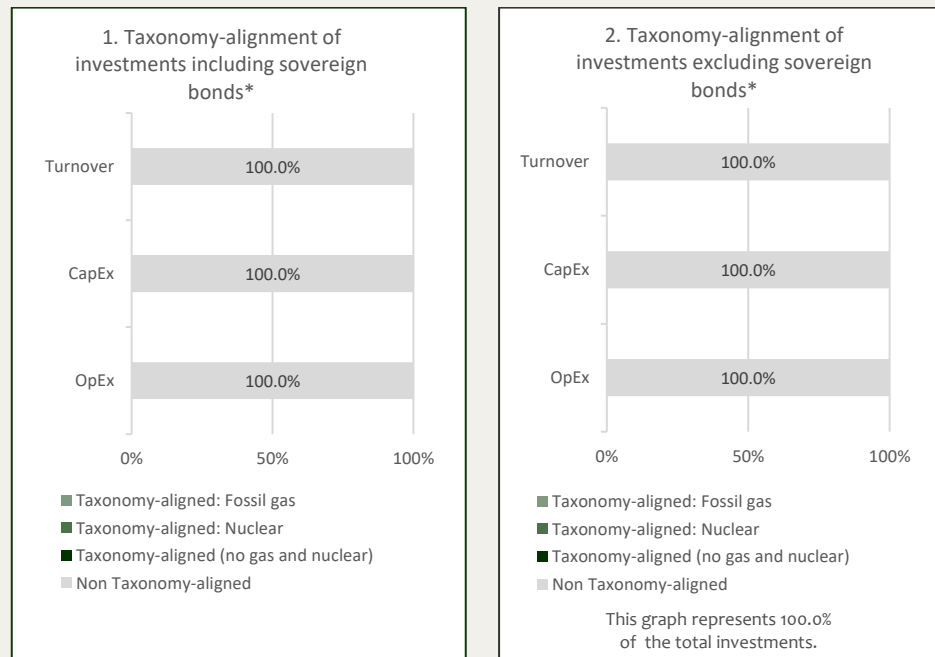
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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

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

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

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



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

** For the purpose of readability, the shaded areas in the graph are zoomed in. The size of these areas therefore no longer matches their relative proportion compared to the total.

The taxonomy-alignment percentages are calculated based on a quarterly average. In limited cases in which the companies did not publicly report on their taxonomy-alignment, equivalent information were obtained from a third party data provider.

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

The product invested 0.0% 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.



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

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

The following table shows the percentages of EU Taxonomy-aligned investments (no gas and nuclear) including sovereign bonds for previous reference periods.

	2023	2022	2021	2020	2019
Turnover	0.0%	n.a.	n.a.	n.a.	n.a.
CapEx	0.0%	n.a.	n.a.	n.a.	n.a.
OpEx	0.0%	n.a.	n.a.	n.a.	n.a.



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

Not applicable.



What was the share of socially sustainable investments?

Not applicable.



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

Investments included under “#2 Other” are derivatives. 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.

There are no minimum environmental or social safeguards.



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

Exclusion Policy

The exclusion lists have been updated twice a year and communicated with the external managers involved in this product.

Contribution to SDGs

The product contributes to a longer term SDI ambition. Where possible, the goal is to work towards not interfering with the risk/ return characteristics of the product, in the current year the product is. The product will choose a SDI investment over a non-SDI investment when possible and when risk/return characteristics are aligned between the two investments.

ESG integration

APG AM engaged with the managers on environmental and social matters at multiple points in the investment cycle.

- Engaged during underwriting and due diligence.
- Monitored and actively engaged on ESG, e.g. climate risks, UN PRI, special servicing, to (1) establish that the manager acts in a manner consistent with its responsible investment policy and agreed upon ESG terms, (2) address gaps in manager ESG practices, and (3) discuss other topics which in our view contribute to their ability to create and sustain long-term value.

Other

Other binding requirements were in place to (for fund investments as of 2020):

- Provide APG with ESG reporting;
- Take into account the UN Global Compact Principles;
- Report material ESG incidents to APG.

**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.