

# Periodic Disclosure 2024

APG Developed Markets Equity Minimum Volatility  
Pool



# APG Developed Markets Equity Minimum Volatility Pool

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 Equity Minimum Volatility Pool

**Legal entity identifier:** 549300X8YX6JMUFBUB48

**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 <b>sustainable investments with an environmental objective:</b> ____% <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 <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It <b>promoted 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 <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 <b>did not make any sustainable investments</b>

**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

We do not invest in companies that carry out certain (undesirable) activities. The exclusion list was updated twice and communicated with:

- The benchmark provider;
- External Managers involved in this product;
- APG Internal portfolio managers.

Throughout the year, no breaches of the exclusion policy occurred.

The sustainability indicators 1 until 3 relate to this E/S characteristic.

*Related to PAI-indicator 14.*

### CO<sub>2</sub>-reduction

The product tracks an index which, amongst others, aims to reduce the carbon footprint of the portfolio compared to the iSTOXX World index. A carbon reduction scheme is applied to the index with the aim to realize a reduction of 33.33% by the end of 2025 by increasing exposure towards lower emitters and/or reducing exposure towards higher emitters. To determine CO<sub>2</sub>-emissions, we look at the direct emissions of companies (scope 1) and the emissions associated with the energy they use (scope 2).

When looking at the scope 1 and 2 emissions of our portfolio, we reduced the CO<sub>2</sub>-footprint by 29,3% in 2024.

Sustainability indicator 4 relates to this E/S characteristic.

*Related to PAI-indicator 1 and 2.*

### Reduction of fossil fuel exposure

The production of coal and tar sands is associated with large CO<sub>2</sub>-emissions. Therefore, we aim to further reduce our investments in companies which derive (part of) their turnover from the extraction of coal and/or tar sands. The turnover limits are set at 5% for coal and 1% for tar sands. Companies exceeding these limits are excluded from the index.

As per June 1st, 2024, we implemented a new inclusion policy, which sets criteria for climate. As part of the implementation of this policy, companies which derive (part of) their turnover from the extraction of coal and/or tar sands are excluded from the investment universe.

Sustainability indicator 5 relates to this E/S characteristic.

*Related to PAI-indicator 4.*

**Contribution to SDGs**

We assess 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 and services, our investments in those companies are considered to be Sustainable Development Investments (SDIs).

Sustainability indicator 6 relates to this E/S characteristic.

**ESG-integration**

As per June 1st, 2024, we implemented the revised inclusion policy for our listed equity investments. We assess whether companies meet our expectations on ESG on:

- a) Climate
- b) Nature, Circularity & Biodiversity
- c) Human & Labour rights
- d) Business Integrity
- e) Investor Alignment

Sustainability indicators 7 relates to this E/S characteristic.

*Related to PAI-indicator 10 and 11.*

**Reference Benchmark**

A 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
<b>1. Exclusion Policy</b>	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 investments were made in companies involved in the production of tobacco.	No investments were made in companies involved in the production of tobacco.
<b>2. CO2-reduction</b>	4	Greenhouse gas emissions (scope 1, 2).  <i>Related to PAI indicator 1 and 2.</i>	This product reduced the carbon footprint of the index versus the parent index according to a predetermined scheme.  In 2024, this reduction limit versus the parent index was 30%, which was effective on the index rebalance of 11 December 2024. The factual reduction as of 31 December 2024 was 29.3%, which was caused by price drift of the index constituents between 11 December 2024 and 31 December 2024.	The average GHG emission for the portfolio, averaged over four quarters was: 185.622 tCO <sub>2</sub> e.
<b>3. Fossil fuel exposure</b>	5	Exposure to companies that derive (part of) their turnover from the extraction of coal (>5%) and/or tar sands (>1%).  <i>Related to PAI indicator 4.</i>	As per June 1st, no investments were made in companies that derive (part of) their turnover from the extraction of coal and/or tar sands.  9.2% of the total net asset value of investments in this product was invested in companies active in the fossil fuel sector (PAI 4). <sup>1</sup> This indicator covers 99.3% of the total net asset value of investments in the product.	0.4% of the portfolio was invested in the Energy sector (Oil, Gas and Consumable Fuels). Within this sector, no investments were held in energy companies which were marked as companies lagging on climate during 2023 as described in the inclusion policy.

<sup>1</sup> In accordance with the SFDR, a company is considered active in the fossil fuel sector when they derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

4. Contribution to SDGs	6	Percentage of Sustainable Development Investment according to the SDI-AOP methodology.	As of June 2024, the investment team actively sought investments which contribute to the investable UN Sustainable Development Goals (SDGs).  A target has been set for this product to invest 20% of assets under management in Sustainable Development Investments (SDIs) by the end of 2024. The value of the SDIs as a percentage of total NAV of the pool was 20.1% on average (for 2024). Year end, the SDI % equals to 22.4%, thereby meeting the target set for this product.	The value of the Sustainable Development Investments (SDIs) as percentage of total NAV of the pool was 17,9% for the prior reference period.
	7	Number of companies in the portfolio that do not meet our minimum ESG criteria.  <i>Related to PAI indicator 10 and 11.</i>	<b>No investments</b> were made in companies that did not meet our minimum ESG-criteria.	There were no breaches in the portfolio regarding the Corporate Inclusion Policy.
5. ESG-integration	8	Violations of the of the UN Global Compact Principles or the OECD Guidelines.  <i>Related to PAI indicator 10 and 11.</i>	No investments were made in companies involved in violations of the UNGC principles or OECD Guidelines.	No investments were made in companies involved in violations of the UNGC principles or OECD Guidelines.

Some of the reported sustainability indicators used to measure the extent to which the E/S characteristics of this product were promoted 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?**

As of June 2024, the investment strategy has changed to a pure index strategy that takes into account - apart from applicable exclusions – a carbon reduction target versus the parent index and an SDI floor. So the reporting on these characteristics differs from the way they were reported over 2023. The product performed in line with social and environmental characteristics that it promotes and in this respect there was no difference to 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, This product is not committed to make sustainable investments. We are obliged to report on the Taxonomy-aligned investments in this product as the product promotes environmental characteristics. Taxonomy-aligned investments are reported separated and for now not considered part of the sustainable investment category.

**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 1, PAI 2, PAI 4, PAI 10, PAI 11 and PAI 14. Please refer to the E/S characteristics section for 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	Deutsche Telekom AG	Telecommunications	Germany	2.0
2	Microsoft Corp	Information technology	United States of America	1.4
3	Colgate-Palmolive Co	Convenience goods	United States of America	1.4
4	Roper Technologies Inc	Information technology	United States of America	1.2
5	Waste Management Inc	Industrial companies	United States of America	1.2
6	Amphenol Corp	Information technology	United States of America	1.2
7	Republic Services Inc	Industrial companies	United States of America	1.1
8	Novartis AG	Healthcare	Switzerland	1.1
9	Merck & Co Inc	Healthcare	United States of America	1.1
10	PepsiCo Inc	Convenience goods	United States of America	1.0
11	Oracle Corp	Information technology	United States of America	1.0
12	Verizon Communications Inc	Telecommunications	United States of America	1.0
13	SAP SE	Information technology	Germany	1.0
14	Gilead Sciences Inc	Healthcare	United States of America	0.9
15	Costco Wholesale Corp	Convenience goods	United States of America	0.9

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



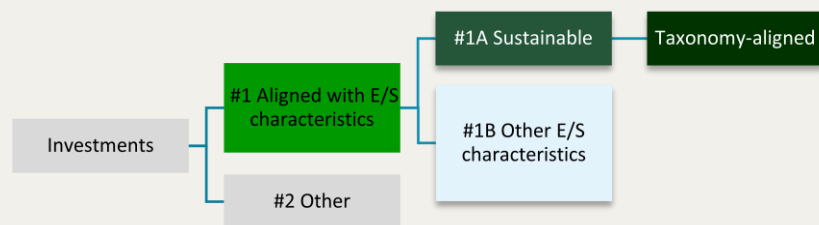
**Asset allocation**  
describes the share  
of investments in specific assets.



## 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” (100%) and “other” (0%). The investments “aligned with E&S characteristics” consist of taxonomy-aligned investments (0.6%), which are not considered sustainable investments. The values are calculated based on a quarterly average as a percentage of Net Asset Value.



**#1 Aligned with E/S characteristics** includes the investments 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.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.



*In which economic sectors were the investments made?*

Sector	% Assets
Convenience goods	11.4
Energy	0.1
	1.2
Financial institutions	13.1
Healthcare	16.8
Industrial companies	6.5
Information technology	22.0
Luxury goods	6.9
Materials	4.2
Real estate	1.7
Telecommunications	7.4
Transport	3.0
Utilities	5.7

The sectors are calculated based on a quarterly average as a percentage of net asset value. In 2024, the exposure to companies active in the fossil fuel sector (PAI 4) as defined by SFDR<sup>2</sup>, was 9.2% of the total net asset value of investments in this product. This indicator covers 99.3% of the total net asset value of investments in this product.

<sup>2</sup> In accordance with the SFDR, a company is considered active in the fossil fuel sector when they derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.



## 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: 0.6%
- 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 Taxonomy<sup>3</sup>?

☐

Yes:

☐

In fossil gas

☐

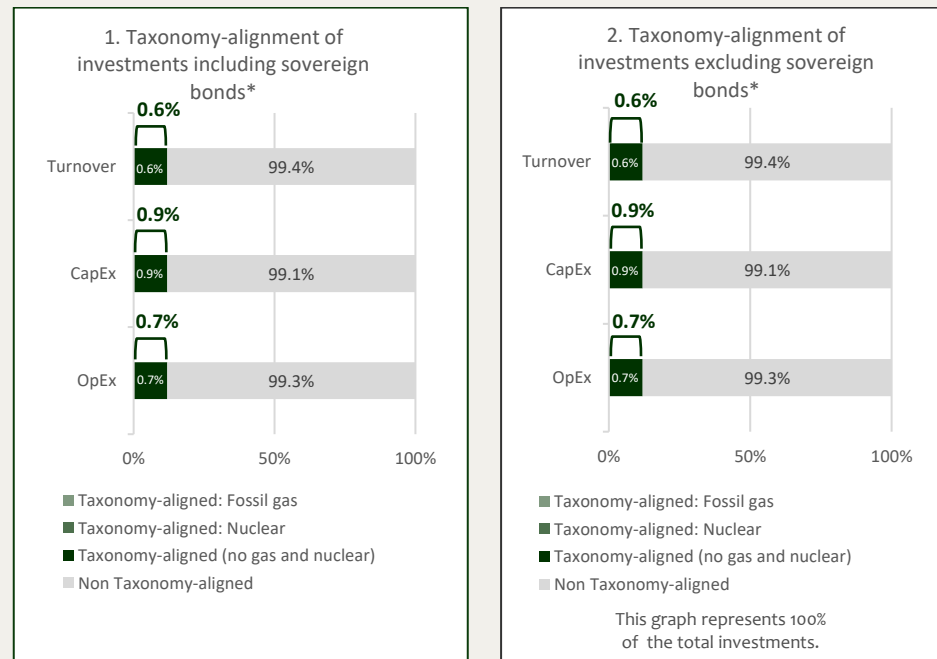
In nuclear energy

☒

No

<sup>3</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.

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 0.4% of its investments in enabling activities and 0.1% 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	0.7%	n.a.	n.a.	n.a.	n.a.
CapEx	0.9%	n.a.	n.a.	n.a.	n.a.
OpEx	0.7%	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?

No investments under “other” were included.



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

During the year, the portfolio has been rebalanced according to the benchmark which takes into account the applicable exclusions, the required carbon reduction target and the SDI floor. Furthermore, the manager has executed its voting rights in accordance with the voting policy.

**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?*

All mentioned E/S characteristics are binding elements for the strategy, whereas a broad market index does not have those E/S characteristics.

### ● *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?*

It performed fully in line with the reference benchmark, which is by design because the product pursues an index strategy as of June 2024.

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

Reference benchmark: iSTOXX® APG World Responsible Low-Carbon SDI Minimum Volatility index.

Period	Product performance (annualized EUR)	Benchmark performance (annualized EUR)	Excess return (annualized EUR)
2024	17.03%	17.37%	-0.29%

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

Broad market index: iSTOXX® World A

Period	Product benchmark (annualized EUR)	Broad market index (annualized EUR)	Excess return (annualized EUR)
2024	17.37%	26.94%	-7.54%