

Periodic Disclosure for the APG Index Linked Bonds Pool

July 2023



11. APG Index Linked Bonds 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 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 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	
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: ___% <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 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 <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 promoted E/S characteristics, but did not make any sustainable investments



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 characteristics¹:

Sovereign Exclusion Policy

The Sovereign Exclusion Policy has been applied to this product.

Corporate Inclusion Policy

The Corporate Inclusion Policy has been applied to this product.

Sustainable Development Investments²

This product made additional investments in Green, Social and Sustainable Bonds³ which contribute to Sustainable Development Goals.

Government related bonds

The Inclusion Policy has been applied to the government related bonds in this product.

Other environmental and social characteristics promoted by this product are:

Sustainability Indicators	
<i>Indicator</i>	<i>Metric</i>
PAI # 15	Sovereign bond carbon footprint

Sovereigns:

- This product excludes bonds issued by countries that are on the EU and UN weapon embargo list.
- This product measures and monitors the carbon footprint of the portfolio, which relates to PAI # 15 although the formula used is materially different than prescribed by the SFDR.
- Climate risk for sovereigns is measured and monitored. As part of this process, this product measures and monitors climate risk exposure in the form of physical and transition risks.

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

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

3) https://apg.nl/media/wtcpjao/apg-green-social-bond-guidelines_2019.pdf

Sustainability Indicator	Description	Metric	Observations over reporting period
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.
Corporate Inclusion Policy	This product applies an active engagement policy to engage on key governance topics such as: social and employee matters, 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.	There are no Leaders in the portfolio over 2022.
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.	4.2%
Climate risk	Climate risk for sovereigns is measured and monitored.	The product measures and monitors climate risk exposure to physical and transition risks.	Not available

● How did the sustainability indicators perform?

During 2022, the following sustainability indicators apply:

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

Sustainability Indicator applicable to investments in sovereigns and supranationals				
<i>Indicator</i>	<i>Metric</i>		<i>Explanation</i>	<i>Outcome</i>
PAI #15	Sovereign bond carbon footprint	Sum of sovereign emissions within the product, multiplied by the share of total sovereign debt owned by the product.	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.	2.729 tCO ₂ e



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 the table titled: “How did the sustainability indicators perform?”



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022 (average four quarters)

What were the top investments of this financial product?

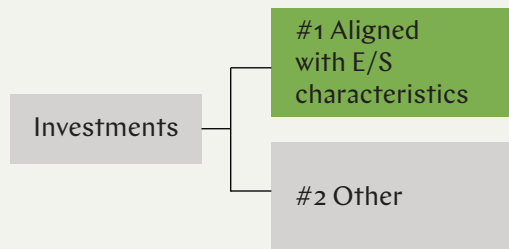
#	Largest investments	Sector	In % of NAV	Country
1	FRTR 1.85 07/25/27	Sovereign Government	5.22%	France
2	FRTR 0.7 07/25/30	Sovereign Government	4.35%	France
3	DBRI 0 1/2 04/15/30	Sovereign Government	4.33%	Germany
4	FRTR 0.1 07/25/38	Sovereign Government	4.40%	France
5	FRTR 0.1 03/01/26	Sovereign Government	4.05%	France
6	BTPS 3.1 09/15/26	Sovereign Government	4.01%	Italy
7	FRTR 0.1 03/01/28	Sovereign Government	3.97%	France
8	FRTR 0 1/4 07/25/24	Sovereign Government	3.94%	France
9	BTPS 1 1/4 09/15/32	Sovereign Government	3.92%	Italy
10	SPGBEI 1 11/30/30	Sovereign Government	3.78%	Spain
11	BTPS 2.35 09/15/35	Sovereign Government	3.65%	Italy
12	SPGBEI 0.15 11/30/23	Sovereign Government	3.35%	Spain
13	DBRI 0.1 04/15/26	Sovereign Government	3.34%	Germany
14	BTPS 1.3 05/15/28	Sovereign Government	3.24%	Italy
15	BTPS 2.55 09/15/41	Sovereign Government	3.16%	Italy



Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

● What was the asset allocation?



#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.

102.7% of the bonds are all sustainability related during 2022 and classified under #1, as these are all subject to inclusion and exclusion policies, while the remaining (market value of derivatives) is classified under #2.

● In which economic sectors were the investments made?

During 2022, this financial product was invested in the following economic sectors:

#	Economic sector	Average weight % of NAV
1	Sovereign Government	102.85%
2	Financials + Diversified Financials	0.05%



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

Investments in “other” are related to derivative exposure. Derivatives are only used for efficient portfolio management and risk management purposes in accordance with the Dutch Pension Act (Pensioenwet). Safeguards are not applicable for these products.



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

Inclusion applies to government related bonds only:

- Laggards are not invested in;
- Laggards are engaged when risk and return characteristics are attractive;
- When engagement is unsuccessful, the companies are divested from;
- UNGC violators are marked as permanent laggards and are divested from.

Sovereign Exclusion

Countries on the exclusion list are not invested in by this product.

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. Government Bonds can increase SDIs by investing in labeled bonds and/or by investing in issuers which have internal SDI classifications.

Labeled bonds (such as Green, Social and Sustainable Bonds) can contribute to the UN Sustainable Development Goals. Green, Social, and Sustainable bonds are the use of proceeds from issuances that are used to finance or refinance green or social (or a combination) projects or activities.

Carbon footprint

The product is able to report on Carbon Footprint, but is not able to reduce or significantly mitigate the carbon footprint as the mandate guidelines of the portfolio do not allow significant deviation from the selected benchmark.