

# Statement on principal adverse impacts of investment decisions on sustainability factors

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## 1. Summary

APG Asset Management N.V. ('**APG AM**', LEI: 549300XWC21UGFTCR876) considers principal adverse impacts of its investment decisions on sustainability factors. The underlying statement is the consolidated statement on sustainability factors of APG AM.

In this statement, we describe our overall approach to identifying, prioritizing and addressing principal adverse impacts of our investment decisions on sustainability factors in line with Article 4 of the Sustainable Finance Disclosure Regulation (SFDR). It covers the reference period from 1 January 2024 to 31 December 2024.

The consideration of principal adverse impacts of investment decisions on sustainability factors is an integral part of APG AM's due diligence and investment processes related to factors such as climate, social and human rights, and anti-corruption and anti-bribery matters. The way principal adverse impacts are considered differs across financial products, and is further described in the SFDR product disclosures.<sup>1</sup>

This statement provides an overview of the principal adverse impacts (PAIs) on sustainability factors of the investments managed by APG AM on behalf of our clients. It covers the 18 SFDR mandatory principal adverse impact indicators, and 4 additional principal adverse impact indicators on sustainability factors that are important to our clients. Based on our clients' Responsible Investment policies, we prioritize the following PAI indicators:

### MANDATORY INDICATORS APPLICABLE TO INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
ADVERSE SUSTAINABILITY INDICATOR		METRIC
1	Greenhouse gas emissions	Scope 1, 2, 3 and total greenhouse gas emissions
2	Carbon footprint	Carbon footprint
3	Greenhouse gas intensity	Greenhouse gas intensity of investee companies
4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
7	Activities negatively impacting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
SOCIAL AND EMPLOYEE MATTERS, RESPECT FOR HUMAN RIGHTS, AND ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
ADVERSE SUSTAINABILITY INDICATOR		METRIC
10	Violations of the UN Global Compact Principles and Organisation for Economic Corporation 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
14	Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Table 1: Mandatory Principal Adverse Impact indicators applicable to investee companies

### ADDITIONAL INDICATORS APPLICABLE TO INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
ADVERSE SUSTAINABILITY INDICATOR		METRIC
4	Investments in companies without carbon emissions reduction initiatives	Share of investments in companies without carbon emissions reduction initiatives
SOCIAL AND EMPLOYEE MATTERS, RESPECT FOR HUMAN RIGHTS, AND ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
ADVERSE SUSTAINABILITY INDICATOR		METRIC
9	Lack of a human rights policy	Share of investments in entities without a human rights policy
10	Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts

<sup>1</sup> Product specific information about the APG AM Pools can be found in the 'sustainability-related disclosures' section on the APG AM website: [Sustainability-related disclosures | Homepage - Asset Management \(apg.nl\)](https://www.apg.nl/en/sustainability-related-disclosures)

16	Anti-corruption and anti-bribery	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
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Table 2: Additional Principal Adverse Impact indicators applicable to investee companies

### Changes to the PAI statement 2023

Over the course of 2024, APG AM has made several improvements in the calculation and aggregation of PAI data. To allow the reader a meaningful comparison of the aggregated principal adverse impacts with the previous reference year, the 2023 indicators provided in this report were calculated based on the new approach and historic data. Therefore, the 2023 figures differ from those reported in the 2023 PAI statement.

Regarding the data collection, in 2024, we assessed the use of a second data vendor for capital markets investments to improve data coverage and quality. Based on this assessment, we now make additional use of MSCI data for several PAI indicators. The 2023 figures in this report were calculated based on the same methodology using historic MSCI data.

In 2024, improvements were also made in the collection and quality of PAI data for private market investments. The overall data quality has improved due to the increase in coverage and reliability of the data, and further automation of the PAI data calculation process.

## 2. Samenvatting

APG Asset Management N.V. ('**APG AM**', LEI: 549300XWC21UGFTCR876) neemt de belangrijkste ongunstige effecten van zijn beleggingsbeslissingen op duurzaamheidsfactoren in aanmerking. Deze “verklaring inzake de belangrijkste ongunstige effecten van beleggingsbeslissingen op duurzaamheidsfactoren” is de geconsolideerde verklaring over duurzaamheidsfactoren van APG AM.

In deze verklaring beschrijven we onze algemene aanpak voor het identificeren, prioriteren en aanpakken van de belangrijkste ongunstige effecten van onze beleggingsbeslissingen op duurzaamheidsfactoren in overeenstemming met artikel 4 van de Sustainable Finance Disclosure Regulation (SFDR). Het heeft betrekking op de referentieperiode 1 januari 2024 tot en met 31 december 2024.

Het in aanmerking nemen van de belangrijkste ongunstige effecten van beleggingsbeslissingen op duurzaamheidsfactoren is een integraal onderdeel van de due diligence- en beleggingsprocessen van APG AM met betrekking tot factoren zoals klimaat, sociale- en mensenrechten, en de bestrijding van corruptie en omkoping. De manier waarop de belangrijkste ongunstige effecten in aanmerking worden genomen verschilt per financieel product en wordt nader beschreven in de specifieke SFDR productinformatie.<sup>2</sup>

Deze verklaring geeft een overzicht van de belangrijkste ongunstige effecten op duurzaamheidsfactoren van de beleggingen die APG AM namens onze klanten beheert. Het omvat de 18 verplichte, en 4 aanvullende indicatoren voor de belangrijkste negatieve effecten die belangrijk zijn voor onze klanten. Op basis van het verantwoord beleggingsbeleid van onze klanten geven we prioriteit aan de volgende indicatoren voor ongunstige effecten op duurzaamheidsfactoren (ook wel ‘PAI’ indicatoren genoemd):

### VERPLICHTE INDICATOREN DIE VAN TOEPASSING ZIJN OP ONDERNEMINGEN WAARIN IS BELEGD

KLIMAAT EN ANDERE MILIEUGERELATEERDE INDICATOREN		
INDICATOR ONGUNSTIGE EFFECTEN OP DUURZAAMHEID		PARAMETER
1	Broeikasgasemissies	Scope 1, 2, 3 en totale broeikasgasemissies
2	Koolstofvoetafdruk	Koolstofvoetafdruk
3	Broeikasgasintensiteit	Broeikasgasintensiteit van ondernemingen waarin is belegd
4	Blootstelling aan bedrijven die actief zijn in de sector fossiele brandstoffen	Aandeel beleggingen in ondernemingen actief in de sector fossiele brandstoffen
7	Activiteiten met negatieve gevolgen voor biodiversiteits-gevoelige gebieden	Aandeel beleggingen in ondernemingen met vestigingen/ activiteiten in of bij biodiversiteits-gevoelige gebieden wanneer de activiteiten van die ondernemingen negatieve gevolgen voor die gebieden hebben.
SOCIALE EN PERSONEELSAANGELEGENHEDEN, EERBIEDIGING VAN DE MENSENRECHTEN EN BESTRIJDING VAN CORRUPTIE EN OMKOPING		
INDICATOR ONGUNSTIGE EFFECTEN OP DUURZAAMHEID		PARAMETER
10	Schendingen van de beginselen van het VN Global Compact of van de richtsnoeren voor multinationale ondernemingen van de Organisatie voor Economische Samenwerking en Ontwikkeling (OESO)	Aandeel beleggingen in ondernemingen die betrokken zijn geweest bij schendingen van de beginselen van het VN Global Compact of van de OESO-richtsnoeren voor multinationale ondernemingen
14	Blootstelling aan controversiële wapens (anti-personeelsmijnen, clustermunten, chemische wapens en biologische wapens)	Aandeel beleggingen in ondernemingen die zijn betrokken bij de productie of verkoop van controversiële wapens

Tabel 3: Verplichte indicatoren voor de belangrijkste negatieve effecten die van toepassing zijn op de ondernemingen waarin wordt belegd

<sup>2</sup> Product-specifieke informatie over de APG AM Pools is te vinden in de sectie 'sustainability-related disclosures' op de APG AM-website: [Sustainability-related disclosures | Homepage - Asset Management](https://assetmanagement.apg.nl/sfdr/sustainability-related-disclosures/)<https://assetmanagement.apg.nl/sfdr/sustainability-related-disclosures/>

## AANVULLENDE INDICATOREN DIE VAN TOEPASSING ZIJN OP ONDERNEMINGEN WAARIN IS BELEGD

KLIMAAT EN ANDERE MILIEU-GERELATEERDE INDICATOREN		
INDICATOR ONGUNSTIGE EFFECTEN OP DUURZAAMHEID		PARAMETER
4	Beleggingen in ondernemingen zonder initiatieven voor koolstofemissiereductie	Aandeel beleggingen in ondernemingen zonder initiatieven voor koolstofemissiereductie
INDICATOREN VOOR SOCIALE THEMA'S EN ARBEIDSSOMSTANDIGHEDEN, EERBIEDIGING VAN DE MENSENRECHTEN, EN BESTRIJDING VAN CORRUPTIE EN OMKOPING		
INDICATOR ONGUNSTIGE EFFECTEN OP DUURZAAMHEID		PARAMETER
9	Gebrek aan mensenrechtenbeleid	Aandeel beleggingen in ondernemingen zonder mensenrechtenbeleid
10	Gebrek aan due diligence	Aandeel beleggingen in ondernemingen zonder een due diligence-proces om negatieve gevolgen voor mensenrechten te identificeren, te voorkomen, te beperken en aan te pakken
16	Anti-corruptie en anti-omkoping	Gevallen waarin onvoldoende wordt opgetreden tegen inbreuken op de normen voor de bestrijding van corruptie en omkoping

Tabel 4: Aanvullende indicatoren voor de belangrijkste ongunstige effecten die van toepassing zijn op de ondernemingen waarin wordt belegd

### Wijzigingen ten opzichte van de verklaring 2023

In de loop van 2024 heeft APG AM verschillende verbeteringen doorgevoerd in de berekening en aggregatie van PAI-data. Om de lezer in staat te stellen een zinvolle vergelijking te maken van de geaggregeerde belangrijkste ongunstige effecten met het vorige referentiejaar, zijn de indicatoren voor 2023 in dit verslag berekend op basis van de nieuwe aanpak en historische gegevens. Daarom wijken de cijfers voor 2023 af van die gerapporteerd in de PAI-verklaring van 2023.

Wat de gegevensverzameling betreft, hebben we in 2024 het gebruik van een tweede dataleverancier voor de capital market investments beoordeeld om de dekking en kwaliteit van de data te verbeteren. Op basis van deze beoordeling maken we nu aanvullend gebruik van MSCI-data voor verschillende PAI-indicatoren. De cijfers voor 2023 in dit rapport zijn berekend op basis van dezelfde methodologie met behulp van historische MSCI-gegevens.

In 2024 zijn ook verbeteringen aangebracht in de verzameling en kwaliteit van PAI-gegevens voor investeringen private market investments. De algehele gegevenskwaliteit is verbeterd door de toename van de dekking en betrouwbaarheid van de data, en de verdere automatisering van het PAI-data berekeningsproces.

## 2. Description of the principal adverse impacts on sustainability factors

The table below shows how APG AM considered the principal adverse impacts of our investment decisions on sustainability factors for the 18 mandatory, and 4 additional indicators in reference year 2024, and describes the actions taken, and actions planned and targets set for the next reference period.<sup>3</sup>

In general, for each indicator a lower value ('impact') means that the adverse impact has decreased, i.e. a lower value means less adverse impact on sustainability factors. This is especially relevant for interpreting the indicators reported as a percentage.

In addition to reporting the value of the indicator, we also report (in brackets [...]) the proportion of assets under management for which data for the specific PAI indicator is available: this is referred to as the [Coverage]. The calculation of the coverage is based on all assets under management, while the calculation of the PAI indicator is based solely on the investments for which coverage is available. This way, the indicator provides a representative and transparent picture of the actual adverse impact. The degree of representativeness is indicated by the coverage - the higher the coverage, the more representative the picture.

The highest possible coverage is limited by the proportion of assets invested in the category to which the specific PAI indicator applies. For example, the coverage of the indicator for 'companies' cannot exceed the proportion of assets invested in companies. The proportion of assets under management per investment category (companies, governments, and real estate), and thus the highest possible coverage, is stated above the relevant tables.

### INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

The share of assets under management invested in companies is 62.5 % (reference year 2023: 61.6 %) of the net asset value. The coverages in the table below can therefore not exceed this percentage. Because no regulatory definition has been established for 'companies', it is not possible to determine exactly which part of the portfolio is invested in companies. We consider all investments 'companies' excluding government bonds, liquid commodities, unlisted real estate funds, mortgage and asset-backed securities, cash, money market funds, currencies and interest rate products.

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<sup>3</sup> The extent to which asset classes that are in scope for the actions taken, and actions planned and targets set for the next reference period, is clarified in the table on page 24.

ADVERSE SUSTAINABILITY INDICATOR		METRIC		IMPACT 2024 [Coverage]	IMPACT 2023 [Coverage]	EXPLANATION	ACTIONS TAKEN, AND ACTIONS PLANNED AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
1	Greenhouse gas emissions	Greenhouse gas emissions	Scope 1 GHG emissions	8,758,773 tCO2e [48.2 %]	9,987,367tCO2e [45.0 %]	<b>Analysis</b> Our absolute emissions (scope 1 & 2) decreased. Scope 3 emissions increased slightly, mainly due to our increased data coverage for alternative investments.  We report on our emissions in our <a href="#">approach</a> to measuring CO2-footprint and in our annual report. The values in these reports show strong similarities with the values in this statement. Under 2.2 ‘Historical comparison’ we explain the differences (e.g. in the area of scope 3) in more detail.  <b>Data source</b> <sup>4</sup> For capital market investments: ISS ESG.	<b>GENERAL</b> In line with our <a href="#">Sustainability Risk Policies</a> and <a href="#">Climate Action Plan</a> , we continued our commitment to contribute to the goal of the Paris Climate Agreement to keep global warming limited to 1.5 °C, and aim for a Net Zero emissions portfolio by 2050 or sooner by:  - Measuring the CO2-footprint of our investments; - Steering the portfolio towards Net Zero emissions; - Investing in solutions that contribute to the transition towards a low-carbon economy.  <b>ENGAGEMENT</b> In 2024, APG AM actively addressed climate change and encouraged investee companies in high-climate impact-sectors to reduce their CO2-emissions as part of our engagement efforts on behalf of our clients.  For the listed equity and corporate bond investments on behalf of clients we set the following requirements for companies in high climate impact sectors:  1. Evidence of (sufficient) targets to reduce carbon emissions 2. Disclosure of carbon emissions 3. Restricted revenues from coal mining, oil sands, and arctic oil and gas 4. No evidence of expanding of coal-fired power production capacity 5. No evidence of severe climate-related controversies  In 2024, we engaged with 267 companies about climate-related topics on behalf of our clients.  In 2025, we will continue our engagements with companies about climate. Furthermore, we will expand
			Scope 2 GHG emissions	2,216,059 tCO2e [48.4 %]	2,578,620 tCO2e [45.1 %]		
			Scope 3 GHG emissions	90,584,409 tCO2e [46.6 %]	87,566,214 tCO2e [43.5 %]		
			Total GHG emissions	101,559,242 tCO2e	100,132,201 tCO2e		
2		Carbon footprint	Carbon footprint	354.1 tCO2e per million EUR invested [46.3 %]	411.6 tCO2e per million EUR invested [43.1 %]	<b>Analysis</b> Our carbon footprint decreased and our data coverage increased.  There is a difference between the absolute footprint reported in this statement and our other disclosures about carbon footprint (see 2.2 ‘Historical comparison’).  <b>Data source</b> For capital market investments: ISS ESG.	
3		GHG intensity of investee companies	GHG intensity of investee companies	1,047.7 tCO2e per million EUR revenue [46.1 %]	1,124.7 tCO2e per million EUR revenue [41.4 %]	<b>Analysis</b> Our GHG intensity decreased and our data coverage increased.  There is a difference between the absolute footprint reported in this statement, and our other disclosures	

<sup>4</sup> For the data sources used for Private Market Investments, please see chapter 2.1 ‘PAI data collection’.



						<p>about GHG emissions (see 2.2 'Historical comparison').</p> <p><b>Data source</b> For capital market investments: ISS ESG.</p>	<p>the scope of our minimum expectations around climate to also cover emerging markets and corporate bonds.</p> <p>Climate-related engagement will focus on the following sectors: car manufacturers, banks, chemicals, utilities, food retail, and cement companies. We expect these companies to publish their scope 1, scope 2 and material scope 3 emissions by 2030.</p> <p><b>VOTING</b> In the 2024 shareholder season APG AM continued to apply the enhanced voting policy on climate on behalf of our clients. Based on our expectation of investee companies in high-climate impact sectors to publish clear emission-reduction targets and net-zero ambitions, and provide transparency on climate impact, we voted against the chair of the non-executive/ supervisory board at companies that do not provide sufficient transparency around climate change.</p> <p>Furthermore, where possible we supported climate-related shareholder resolutions and only voted in favor of climate strategies with concrete emission reduction goals. At companies in high-impact sectors with no climate approach, we voted against the reappointment of directors and did not support remuneration proposals if the remuneration policy lacks sustainability-related objectives.</p> <p>In 2024, on behalf of our clients, APG AM submitted 370 votes against management at companies with a high climate impact for failing our clients' expectations around climate change.</p> <p>In 2025, we will continue our voting activities around climate and environment in line with the voting policy of our clients, and disclose all voting decisions on a</p>
4		Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	5.8 % [52.5 %]	7.4 % [48.2 %]	<p><b>Analysis</b> The definition of fossil fuel exposure of SFDR differs from the definition used by our clients.<sup>5</sup> The declining trend in fossil fuel exposure can be explained based on allocation and responsible investment considerations of our clients.</p> <p><b>Data source</b> For capital market investments: ISS ESG and MSCI.</p>	
5		Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as percentage	Non-renewable energy consumption and production 63.1 % [43.8 %]	Non-renewable energy consumption and production 68.5 % [27.8 %]	<p><b>Analysis</b> The addition of MSCI data has significantly improved data coverage on this indicator. The adverse impact has diminished somewhat.</p> <p><b>Data source</b> For capital market investments: MSCI.</p>	
6		Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per	[total 45.4 %]	[total 38.9 %]	<p><b>Analysis</b> Since reporting is done per sector, the coverage per sector is low. These coverages can at most amount to the share of the assets invested in that sector, which means that individual</p>	

<sup>5</sup> In accordance with the SFDR, a company is considered to be active in the fossil fuel sector when it derives revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution, including transport, storage and trade, of fossil fuels as defined in Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council. Any income from fossil fuels leads to the entire investment being considered 'active in the fossil fuel sector'.

			high impact climate sector			companies can have a significant impact on the value (outliers).	continuous basis in the <a href="#">voting dashboard</a> on the APG AM website.
			Agriculture, Forestry and Fishing	0.1 GWh per million EUR invested [0.4 %]	0.0 GWh per million EUR invested [0.3 %]	Given this uncertainty, the intensity per sector is stable, with a relatively high value for the sector 'production and distribution of Electricity, Gas, Steam and Air Conditioning Supply'.	
			Mining and Quarrying	1.3 GWh per million EUR invested [0.3 %]	1.1 GWh per million EUR invested [0.5 %]		
			Manufacturing	0.3 GWh per million EUR invested [13.1 %]	0.4 GWh per million EUR invested [10.1 %]	The total coverage, including the companies outside the high impact sectors, has increased.	
			Electricity, Gas, Steam and Air Conditioning Supply	5.0 GWh per million EUR invested [2.4 %]	6.6 GWh per million EUR invested [2.0 %]	<b>Data source</b> For capital market investments: MSCI.	
			Water Supply; Sewage, Waste, Management and Remediation Activities	0.7 GWh per million EUR invested [0.3 %]	0.6 GWh per million EUR invested [0.2 %]		
			Construction	0.2 GWh per million EUR invested [0.5 %]	0.3 GWh per million EUR invested [0.5 %]		
			Wholesale and Retail Trade	0.1 GWh per million EUR invested [2.4 %]	0.5 GWh per million EUR invested [1.9 %]		
			Transportation and Storage	0.7 GWh per million EUR invested [1.7 %]	0.7 GWh per million EUR invested [1.4 %]		
			Real Estate Activities	0.6 GWh per million EUR invested [4.3 %]	0.6 GWh per million EUR invested [3.2 %]		
7	Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee	8.4 % [46.2 %]	8.9 % [42.2 %]	<b>Analysis</b> This reference year, we are using a data provider that applies a definition which is more aligned the regulatory definition of this indicator. As a result, we report a greater adverse impact for both years.  Based on the new methodology, the adverse impact of our investments	<b>GENERAL</b> APG AM supports the <a href="#">Partnership for Biodiversity Accounting Financials (PBAF)</a> . This partnership is developing a joint methodology to measure and report the impact of investments on biodiversity.  APG AM is a member of the TNFD Forum of the <a href="#">Taskforce on Nature-related Financial Disclosures (TNFD)</a> and signed the <a href="#">Finance for Biodiversity Pledge</a> . The participating parties commit to contribute to the

			companies negatively affect those areas			decreased compared to reference year 2023.  <b>Data source</b> For capital market investments: MSCI.	conservation of biodiversity through their investments, including by collaborating and engaging with companies in which they invest.
8	Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as weighted average	0.02 metric tonnes per million EUR invested [3.1 %]	0.10 metric tonnes per million EUR invested [1.9 %]	<b>Analysis</b> Partly due to the low coverage, this indicator is sensitive to outliers and does not fully represent the actual adverse impact.  <b>Data source</b> For capital market investments: MSCI.	Our clients have set objectives around nature and biodiversity for 2030: the investment portfolio must contribute to the discontinuation of and reversing biodiversity loss.  <b>ENGAGEMENT</b> In 2024, APG AM engaged with 9 listed companies with a (potentially) high impact on biodiversity loss about nature / biodiversity.  In 2024, we further increased investments that contribute to the following Sustainable Development Goal (SDG) related to nature and biodiversity:  - SDG 12: Responsible consumption and production  In the next reference period, for our listed equities and corporate bond investments on behalf of clients, we will continue to focus our engagement efforts on investee companies in sectors where biodiversity risks may arise, whereby we will focus on the following matters:  - Management: clearly anchored responsibility within management for the environment and biodiversity; - Objectives: objectives for responsible water consumption and the use of certified raw materials at companies in certain sectors; - Performance: emissions reduction and responsible water use by companies in certain sectors; - Risk management: prevention of deforestation by producers of soy, beef and palm oil. - Involvement in incidents: we monitor all companies on their involvement in nature- and biodiversity-related incidents.  Furthermore, in our engagements with producers of packaged food and food retail companies in the next reference period we will focus on encouraging:
9	Waste	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.0 metric tonnes per million EUR invested [43.4 %]	0.8 metric tonnes per million EUR invested [14.8 %]	<b>Analysis</b> The use of MSCI data has significantly improved the coverage on this indicator. We report more adverse impact than in the previous reference year.  <b>Data source</b> For capital market investments: MSCI.	

							<ul style="list-style-type: none"> <li>- producers of packaged food to reduce their negative impact on deforestation;</li> <li>- food retail companies to commit to offering more plant-based products and less animal products.</li> </ul> <p><b>VOTING</b></p> <p>We expect from companies with a (potentially) high impact on biodiversity loss that they take measures to prevent and reduce their negative impact. In the voting policy we apply on behalf of our clients we focus on companies in high-risk sectors. This means that in 2024 we voted against the reappointment of the chairman of the supervisory/non-executive board at:</p> <ul style="list-style-type: none"> <li>- companies active in meat (processing), cocoa, coffee, paper, palm oil, soy and forestry that have no policy to combat deforestation;</li> <li>- pharmaceutical companies that do not have a 3R policy against animal testing replaced by experiments without animals, to be reduced where possible or to be reduced improve to prevent discomfort for the animals (3R methods);</li> <li>- mining companies that do not have a strong environmental management system.</li> </ul> <p>In 2024, we submitted 53 votes against management at companies with a (potentially) high impact on biodiversity loss that did not meet our expectations.</p> <p>In 2025, we will continue our voting activities around biodiversity in line with the voting policy of our clients, and disclose all voting decisions on a continuous basis on the <a href="#">voting dashboard</a> on the APG AM website.</p>
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>							
10	<b>Social and employee matters</b>	Violations of UN Global Compact principles and Organisation for Economic Cooperation and	Share of investments in investee companies that have been involved in violations of the UNGC principles	1.9 % [49.4 %]	1.4 % [47.0 %]	<p><b>Analysis</b></p> <p>The data coverage and the adverse impact of this indicator increased.</p> <p><b>Data source</b></p> <p>For capital market investments: ISS ESG.</p>	<p><b>GENERAL</b></p> <p>In our investment decision-making process and exercising our stewardship activities on behalf of clients, APG AM is guided by public standards and guidelines such as the:</p> <ul style="list-style-type: none"> <li>- Organization for Economic Cooperation and Development (OECD) Guidelines;</li> </ul>

		Development (OECD) Guidelines for Multinational Enterprises	or OECD Guidelines for Multinational Enterprises				<ul style="list-style-type: none"> <li>- UN Guiding Principles on Business and Human Rights;</li> <li>- UN Global Compact Principles.</li> </ul>
11		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	20.8 % [43.2 %]	32.9 % [40.3 %]	<p><b>Analysis</b> Data coverage increased. The relatively large change in value can be explained by the fact that more investee companies published compliance mechanisms.</p> <p><b>Data source</b> For capital market investments: ISS ESG.</p>	<p>APG AM is one of the initiators of the Corporate Human Rights Benchmark (CHRB), which is part of the World Benchmarking Alliance. The CHRB compares the human rights performance of companies in high-risk sectors and is an important source of information about companies in which we invest or may invest.</p> <p><b>ENGAGEMENT</b> The policies of our clients for investments in listed equities and corporate bond investments is based on the UN Global Compact themes (human rights, labor, environment and anti-corruption) and the expectations of investors and companies based on the OECD Guidelines.</p> <p>In 2024, we engaged with companies aimed at preventing and mitigating violations of the principles of the UN Global Compact and the OECD Guidelines, and promoting procedures and compliance mechanisms for monitoring the compliance with this.</p> <p>Over the course of 2024, we engaged with car manufacturers, food producers, companies in the agricultural sector and companies involved in renewable energy on human rights. Our engagements with companies were aimed at encouraging:</p> <ul style="list-style-type: none"> <li>- car manufacturers to commit to prevent human rights violations in the extraction of materials for electric cars;</li> <li>- food producers and companies in the agricultural sector to commit to ensuring that the people who (indirectly) work for them receive a living wage;</li> <li>- renewable energy companies to take into account the rights of all parties involved in the development of new projects.</li> </ul> <p>In our standard legal provisions in our agreements with managers and/or in the due diligence process of private</p>

							<p>market investments we establish if managers take into account the UN Global Compact Principles in connection with each (portfolio) investment, and expect managers to immediately notify APG AM of any significant incident or controversy related to a violation of the Principles.</p> <p>In 2024, we engaged with 91 listed companies about human rights.</p> <p>In 2025, we will continue our engagement efforts with companies on human rights issues around living wage, the extraction of transition minerals and artificial intelligence. This mainly involves companies in the following sectors: food producers, supermarkets, restaurants, car manufacturers using transition minerals, companies that are active in artificial intelligence, and companies involved in renewable energy.</p> <p><b>VOTING</b></p> <p>In 2024, we applied our clients' voting policy on human rights by voting against the reappointment of the chair of the supervisory board/non-executive board of companies that do not have sufficient due diligence mechanisms in place to prevent violations of human rights, as expressed in a score of 0 (zero) or 1 (one) on the CHRB-standard 'human rights due diligence'.<sup>6</sup></p> <p>In 2024, we submitted 55 votes against management for failing our expectations around human rights.</p> <p>In 2025, we will continue our voting activities around human rights in line with the voting policy of our clients, and disclose all voting decisions on a continuous basis on the <a href="#">voting dashboard</a> on the APG AM website.</p>
12		Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14.3 % [41.1%]	12.3 % [10.2 %]	<p><b>Analysis</b></p> <p>This percentage means that men earn 14.3% more than women (in terms of average gross hourly wage; averaged</p>	<p><b>GENERAL</b></p> <p>The average unadjusted gender pay gap of investee companies has not been a specific focus area for APG AM in 2024.</p>

<sup>6</sup> This only applies to companies that have been assessed by CHRB since 2019. This contributes to the credibility and quality of the scores. This means that companies that have only been CHRB are currently out of scope. For details on the CHRB methodology see: <https://www.worldbenchmarkingalliance.org/research/the-methodology-for-the-2022-corporate-human-rights-benchmark/>

						<p>over the APG AM portfolio for which there is coverage).</p> <p>The addition of MSCI data has significantly improved coverage on this indicator. Nevertheless, the adverse impact has remained fairly stable.</p> <p><b>Data source</b> For capital market investments: ISS ESG and MSCI.</p>	
13		Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	32.8 % [47.9 %]	30.5 % [41.9 %]	<p><b>Analysis</b> This indicator shows gender diversity on the board (i.e. the percentage of female board members of all board members). For this indicator, a lower value, as opposed to other indicators, means more adverse impact.</p> <p>The data coverage has increased.</p> <p><b>Data source</b> For capital market investments: ISS ESG and MSCI.</p>	<p><b>VOTING</b> We require companies to consider board diversity when appointing directors. This includes, for example, a balanced mix of gender, ethnicity, education, personality, and age. As a result of our strengthened policy, we voted against or withheld votes from incumbent nominating committee members if the board was not at least 30% diverse in terms of gender. At companies with no formal nominating committee, we also voted against or withheld votes from the entire board of directors except new nominees.</p> <p>In 2024, we submitted 1880 votes against management due to a lack of gender diversity on the board.</p> <p>In 2025, we will continue our voting activities around board gender diversity in line with the voting policy of our clients, and disclose all voting decisions on a continuous basis on the <a href="#">voting dashboard</a> on the APG AM website.</p>
14		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0 % [51.3 %]	0.0 % [48.7 %]	<p><b>Analysis</b> The value remained at 0%.</p> <p><b>Data source</b> For capital market investments: ISS ESG and MSCI.</p>	<p><b>EXCLUSION</b> APG AM, on behalf of its clients, does not invest in companies involved in controversial weapons. To that end, we do not invest in companies that are involved in the production, sale or distribution of:</p> <ul style="list-style-type: none"> <li>- cluster munitions;</li> <li>- anti-personnel mines;</li> <li>- nuclear, chemical or biological weapons.</li> </ul>

Table 5: Mandatory indicators applicable to investee companies

## ADDITIONAL INDICATORS APPLICABLE TO INVESTEE COMPANIES

ADVERSE SUSTAINABILITY INDICATOR			METRIC	IMPACT 2024 [Coverage]	IMPACT 2023 [Coverage]	EXPLANATION	ACTIONS TAKEN, AND ACTIONS PLANNED AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
4	Emissions	Investments in companies without carbon emissions reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	46.4 % [49.0 %]	49.2 % [43.0 %]	<p><b>Analysis</b> The data coverage increased. For developed market equities, companies in sectors and activities with a high climate impact must have scope 1+2 reporting and a long-term reduction target in line with the Paris Agreement.</p> <p><b>Data source</b> For capital market investments: ISS and MSCI.</p>	<p><b>GENERAL</b> We refer to the ‘actions taken and actions planned’ as described under mandatory PAIs 1-6.</p>
9	Human Rights	Lack of a human rights policy	Share of investments in entities without a human rights policy	40.6 % [43.5 %]	50.6 % [39.5 %]	<p><b>Analysis</b> More companies in which we invest publish a human rights policy. The data coverage increased.</p> <p><b>Data source</b> For capital market investments: ISS and MSCI.</p>	
10	Human Rights	Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	33.6 % [43.3 %]	42.8 % [39.3 %]	<p><b>Analysis</b> This PAI indicator is calculated by adding the investments in companies without human rights due diligence, weighted by the relative share of the respective investment in the total portfolio.</p> <p><b>Data source</b> For capital market investments: ISS and MSCI.</p>	
16	Anti-corruption and anti-bribery	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0.4 % [45.7 %]	0.2 % [42.7 %]	<p><b>Analysis</b> The data coverage and adverse impact increased marginally.</p> <p><b>Data source</b> For capital market investments: ISS and MSCI.</p>	

Table 6: Additional indicators applicable to investee companies



## INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Investments in sovereigns and supranationals make up 24.4 % (reference year 2023: 25.8 %) of all assets under management based on net asset value. Therefore, the coverages provided within the following table should be smaller or equal to this percentage.

ADVERSE SUSTAINABILITY INDICATOR			METRIC	IMPACT 2024 [Coverage]	IMPACT 2023 [Coverage]	EXPLANATION	ACTIONS TAKEN, AND ACTIONS PLANNED AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
15	Environmental	GHG intensity	GHG intensity of investee countries	261.2 tonnes per million EUR GDP [24.2 %]	344.9 tonnes per million EUR GDP [25.8 %]	<p><b>Analysis</b></p> <p>The coverage for government bonds is almost 100%. The sharp decline in GHG intensity is not primarily driven by a reduction in emissions, but by changes in purchasing power parity (currency fluctuations in combination with GDP changes).</p> <p><b>Data source</b></p> <p>For capital market investments: ISS ESG.</p>	<p><b>GENERAL</b></p> <p>Among others, in 2024 we increased our investment in a fund for sustainable loans to emerging countries. With the loans, countries and companies in Africa and Asia, among others, can start projects aimed at combating climate change.</p> <p>In 2024, we updated the APG AM <a href="#">Guidelines for Green, Social, and Sustainable Bonds</a> ('labeled bonds').</p> <p><b>ENGAGEMENT</b></p> <p>In 2025, we will continue to engage with issuers, syndicates, and market stakeholders like rating agencies and second-party opinion providers to express our expectations, safeguarding our clients' interests and improving market standards.</p> <p>APG AM encourages issuers to provide pre-issuance disclosure and post issuance allocation and impact reporting. Furthermore, we encourage issuers to report on the environmental and social impact over the life of the bond. We assess a country's performance on climate transition risk and most notably to the extent that climate policy action and commitment to the Paris agreement is aligned with potential green bond issuance. Other labelled bonds we will screen for alignment between use-of-proceeds and government (in)action.</p>
16	Social	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and	Absolute number: 5  Relative number: 5.8 % [23.5 %]	Absolute number: 5  Relative number: 5.4 % [25.0 %]	<p><b>Analysis</b></p> <p>The coverage for government bonds is almost 100%.</p> <p>In the 2023 PAI statement, we reported 65 violators. This year, we have chosen a data provider with a methodology that is more in line with the regulatory definition and thus results in a lower number of violations.</p>	<p><b>EXCLUSION</b></p> <p>We exclude government bonds issued by countries subject to an arms embargo by the UN Security Council and/or the European Union. With regard to EU arms embargoes, we refer to binding arms embargoes based on a decision of the Council of the EU. All bonds issued by sovereign and sub-sovereign issuers fall within the scope of the Exclusion Policy. These are bonds issued by provinces or municipalities. Bonds issued by quasi-governments, agencies, multilateral and unilateral banks, state-owned enterprises, etc., are not within the scope.</p>



			conventions, United Nations principles and, where applicable, national law			<b>Data source</b> For capital market investments: MSCI.	We will also not invest in green or social bonds from sovereign issuers that fall below our clients' minimum ESG thresholds specific for sovereign issuers.
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Table 7: Mandatory indicators applicable to investments in sovereigns and supranational

## INDICATORS APPLICABLE TO REAL ESTATE ASSETS

Investments in real estate assets make up 13.3 % (reference year 2023: 13.2 %) of all assets under management based on net-asset value. Therefore, the coverages provided within the following table should be smaller or equal to this percentage.

ADVERSE SUSTAINABILITY INDICATOR			METRIC	IMPACT 2024 [Coverage]	IMPACT 2023 [Coverage]	EXPLANATION	ACTIONS TAKEN, AND ACTIONS PLANNED AND TARGETS SET FOR THE NEXT REFERENCE PERIOD
17	Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.6 % [9.2 %]	0.1 % [7.1 %]	<p><b>Analysis</b> There is virtually no exposure to fossil fuels through real estate assets.</p> <p><b>Data source</b> For capital market investments: ISS and MSCI.</p>	<p><b>GENERAL</b> Based on the nature of our investments in real estate we consider the exposure to fossil fuels through real estate assets in the APG AM portfolio negligible.</p> <p>In 2024, we further improved and customized the APG Standard Data Delivery Sheet (SDDS) informed by the Investors in Non-Listed Real Estate Vehicles (INREV) ESG SDDS sheet<sup>7</sup>. Going forward this sheet will be used to obtain more granular data for private real estate.</p> <p><b>ENGAGEMENT</b> The APG AM real estate team has developed a multi-year global climate engagement program which includes both manager/company engagement and market engagement. These engagements are aimed at getting real estate investments to commit to net zero emissions by 2050 and establish near-term and long-term targets to back up ambitions that are demonstrably in line with the 1.5°C pathway. Furthermore, APG AM expects investments to set a clear and quantified decarbonization strategy that shows capital expenditures consistent with achieving net zero by 2050.</p> <p>In 2025, APG AM will continue its engagements with real estate investments on behalf of clients with the aim to achieve net zero emissions by 2050.</p>
18	Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	55.2 % [4.5 %]	45.8 % [4.3 %]	<p><b>Analysis</b> For a large part of the real estate portfolio, exposure to inefficient real estate assets is monitored through</p>	<p><b>GENERAL</b> APG AM measures and reports the CO<sub>2</sub>-footprint of its real estate portfolio. Our 2030 goal is that on average the real estate portfolio is Paris-aligned based on the CRREM pathways or that a transition plan is in place. For</p>

<sup>7</sup> SDDS (Standard Data Delivery Sheet) | INREV

					<p>CRREM compliance, and not in accordance with the prescribed SFDR formula (EPC).</p> <p>The CRREM pathways are scientifically based and it is assumed that these pathways are stricter than the SFDR formula. Furthermore, the SFDR formula can only be applied to investments in Europe, while the product includes investments globally. In APG AM's view, the CRREM methodology is a more conservative approach to assessing energy-inefficient real estate.</p> <p>The reported change from 2023 to 2024 can be explained by the fact that the CRREM trajectories become stricter over time. There are a number of investments that have 'stranded' during the reference years.</p> <p><b>Data source</b> For alternative investments, see chapter 2.</p>	<p>new private investments in real estate, alignment with the CRREM pathways is required and included in legal documentation. In listed real estate, we encourage real estate funds to align with the CRREM pathways and disclose sufficient data for assessment.</p> <p>One of our Dutch Mortgage originators is working on a specific financing product for energy-efficiency improvements., Rabo Fund Management, one of our Dutch Mortgages managers, has published a responsible investment policy that aims to empower customers to adopt energy-efficient measures, reduce greenhouse gas emissions, and align mortgage financing solutions with individual needs.</p> <p>The bonds and direct loans for housing associations contribute to SDG 11: Sustainable cities and communities.</p> <p><b>ENGAGEMENT</b> APG AM is a member of the Global Real Estate Engagement Network<sup>8</sup> (GREEN) since 2022. The goal is to collectively engage with the real estate sector to reduce its carbon footprint and manage progress against science-based Paris-aligned targets, e.g. the CRREM pathways.</p> <p>In 2024, APG AM engaged with real estate companies on climate-related themes such as data coverage of scope 1, 2 and 3 emissions, CRREM-aligned and/or SBTi approved targets, and Green Building Certificates.</p> <p>GREEN appointed an APG AM representative on to its board in 2024. Furthermore, GREEN and Leaders of the Urban Future (LOTUF) joined forces in order to increase climate risk management and speed up decarbonization within the real estate industry.</p> <p>In 2025, the two work streams focused on engagement of listed and non listed real estate will continue as is.</p>
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Table 8: Mandatory indicators applicable to real estate asset

<sup>8</sup> GREEN: Global Real Estate Engagement Network ([green-engagement.org](https://green-engagement.org))

## 2.1 PAI data collection

Sustainability-related data and methodologies are still less mature than those for conventional financial indicators. Generally, we recognize the limitations of existing methodologies and data sources for sustainability-related data, e.g. the lack of consistent and transparent measurement methodologies and data assessment processes, as well as the limited availability, comparability and quality of sustainability data.

At a best effort basis APG AM obtained principal adverse impact data of the investments in the portfolio. The numbers presented in this statement are weighted averages and summations based on the part of the portfolio universe for which we gathered and obtained data. The best efforts are further described below, separately for the capital market investments and private market investments.

### Capital Markets Investments

Principal adverse impact (PAI) data for capital market investments is obtained from two external data providers. Following in-depth and extensive assessments of, among others, the methodologies used, alignment with regulatory requirements, alignment with other reporting obligations, and the quality and quantity of the data, APG AM selected ISS ESG and MSCI to procure the PAI data from. Subsequently, per PAI indicator we decided to use the PAI data from one, or a combination of both, data provider(s).

### Private Market Investments

For private market investments the options for obtaining standardized and accurate PAI data from third-party data providers are limited and access to data and reliable estimation models for alternative investments is still a challenge. Over the course of 2024 and the first half-year of 2025, APG AM has made efforts to obtain as much relevant PAI data as possible for the identification and prioritization of the principal adverse impacts in this part of the portfolio. For private market investments, our efforts to collect PAI data consisted primarily of:

- (i) direct outreach to the external managers and direct investments, using customized SFDR PAI-templates with data requests tailored to APG AM's and our clients' requirements;
- (ii) using third-party data providers (such as GRESB and Upright);
- (iii) making reasonable assumptions in case it was not possible to obtain PAI data for the 2024 reference period in any other way.

The overview below shows the approach per asset class for obtaining PAI data on our investments.

ASSET CLASS	COMMENTS
- <b>Capital Market Investments</b>	<p>Use of the external data vendors ISS ESG and MSCI to cover capital market investments. Based on a detailed analysis, a decision was made based on the data quality and coverage taking into account the regulatory definitions, vendor methodologies, and data sources already used for related reporting purposes.</p> <ul style="list-style-type: none"> <li>- ISS ESG: PAI 1, 2, 3, 10, 11, 15, and all four additional indicators</li> <li>- MSCI: PAI 5, 6, 7, 8, 9, 16</li> <li>- Combining both vendors by taking the maximum (pessimistic approach): PAI 4, 14, 17</li> <li>- ISS ESG primary source and gaps filled with MSCI: PAI 12, 13.</li> </ul>
- <b>Real Estate</b>	<p><i>Listed real estate</i> – PAI data obtained via a third-party data provider, in line with how this data was collected for other capital markets investments.</p> <p><i>Private real estate</i> – Outreach to external managers and direct investments, using an APG Standard Data Delivery Sheet (SDDS, informed by INREV ESG SDDS) has been developed with a data request tailored to real estate specific requirements.</p>

	For both listed and private real estate, additionally data obtained from the GRESB Real Estate Survey is used for PAI indicators 1, 2, and 18.
<ul style="list-style-type: none"> <li>- Alternative credits</li> <li>- Hedge Funds</li> <li>- Private Equity</li> <li>- Private Natural Capital</li> </ul>	Outreach to external managers and direct investments, using a customized PAI data collection template with a data request tailored to our data requirements. Additionally, data from previous outreaches might be used.
<ul style="list-style-type: none"> <li>- Netherlands Energy Transition &amp; Biodiversity Fund (ANEB)</li> </ul>	Use of PAI indicator estimates provided by Upright.
<ul style="list-style-type: none"> <li>- Infrastructure</li> </ul>	Outreach to external managers undertaken through the GRESB Infrastructure SFDR Assessment, requesting PAI indicator data from underlying assets.
<ul style="list-style-type: none"> <li>- Mortgages</li> </ul>	<p>Outreach to Dutch residential mortgage originators undertaken with a PAI data request tailored to APG AM's and our clients' requirements.</p> <p>Due to the nature of our US residential mortgage investments, we assumed them to be not involved in fossil fuel (as defined by SFDR) and assumed that data on EU energy labels cannot be reasonably obtained.</p>

Table 9: The approach per asset class for obtaining PAI data on our investments

## 2.2 Historical comparison

Over the course of 2024, APG AM has made several improvements in the way how PAI data is collected and aggregated. To allow the reader a meaningful comparison of the aggregated principle adverse impacts with the previous reference year, the 2023 indicators provided in this report were calculated based on the new approach and historic data. Therefore, the 2023 figures differ from those reported in the 2023 PAI statements.

Regarding the data collection, we assessed the use of a second data vendor for capital markets investments to improve data coverage and quality. Based on this assessment, we now make additional use of MSCI data for several PAI indicators. The 2023 figures in this report were calculated based on the new approach using historic MSCI data.

Regarding the calculation method, we refined the definition for companies, sovereigns and real estate. Investments not covered by these definitions are not covered by the corresponding PAI indicators. We adjusted our interpretation of the definition for PAI 5 (non-renewable energy consumption and production). We now report one consolidated number in line with the guidance provided as part of the ESA's Final Report on draft Regulatory Technical Standards. The 2023 figures in this report were recalculated based on the new approach.

### Carbon footprint

APG AM measures the carbon footprint of our investments and we publish this information in our annual report. In our [approach](#) to measuring the CO<sub>2</sub>-footprint of our investments we disclose how we measure the carbon footprint of the portfolio, according to the Global GHG Accounting and Reporting Standard for the Financial Industry, developed by PCAF. CO<sub>2</sub>-footprint figures are also part of this PAI statement. Values between these two reports may differ.

The main difference is in reported absolute scope 3 emissions. These are higher in the PAI statement than in the annual report. This can mainly be explained by a different GHG emission data used for private markets investments, and a different scope due to different requirements (e.g., regarding real estate funds). Despite the methodological differences, the trend for scope 1 and 2 (PAI 1.1 and 1.2) is otherwise the same in both reports; a decrease in absolute and relative emissions.

### 3. Description of policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors

APG AM makes use of various policies and approaches to identify and prioritize principal adverse impacts which are tailored to the different investment strategies and financial products we manage on behalf of our clients. The responsible investment policies of our clients instruct the prioritization of adverse impacts.

The way we identify and prioritize adverse impacts on sustainability factors in our investment processes is further described in the following policies and approaches that apply to different types of investment strategies we execute on behalf of our clients.

- In the [Climate Action Plan](#), APG AM describes how we measure the CO<sub>2</sub>-footprint of our investments, steer the portfolio towards Net Zero emissions in 2050 or sooner, and invest in solutions that contribute to the transition towards a low-carbon economy.
- In the [Sustainability Risk Management Standard](#) we describe how APG AM defines, measures, manages and reports on sustainability-related risks and opportunities, both at the overall client portfolio level as well as for specific investment strategies.
- The [Corporate Governance & Voting Policy](#) addresses ESG-related issues, including environmental, social, labor rights, human rights, and anti-corruption and anti-bribery through the way we vote on the annual general meetings of the companies in which we invest on behalf of our clients.
- Based on the [Exclusion Approach](#), on behalf of our clients APG AM does not invest in companies involved in controversial weapons, and companies involved in the production of tobacco. In addition to the exclusions applicable to corporates, on behalf of our clients invested in the APG Pools we exclude sovereign bonds issued by countries that are subject to an arms embargo by the UN Security Council<sup>9</sup> and/or European Union, and countries that have the 10% lowest scores on Voice & Accountability performance according to the World Bank.<sup>10</sup>
- The [Inclusion Approach](#), which we apply on behalf of our clients, is based on the UN Global Compact themes (human rights, labor rights, environment, and anti-corruption) and the OECD Guidelines for investors and companies.
- Our [Sustainable Development Investments Approach](#) uses the UN Sustainable Development Goals (SDGs) as a guideline for investments with a positive influence on people and the environment or which contribute to a more sustainable economy. We actively seek investments for our clients that contribute to the SDGs and implement the agreed definition, taxonomy and rules to identify current and potential Sustainable Development Investments (SDIs) to meet our clients' SDI targets and ambitions.

The table below provides an overview of the extent to which the above APG AM policies and approaches apply to the different asset classes we invest in on behalf of our clients.

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<sup>9</sup> <https://www.un.org/securitycouncil/sanctions>

<sup>10</sup> Voice and Accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

ASSET CLASS	Climate Action Plan	Sustainability Risk Management Standard	CG Framework & Voting Policy	Exclusion Approach	Inclusion Approach	SDI Taxonomy
Listed equity	✓	✓	✓	✓	✓	✓
Credits	✓	✓		✓	✓	✓
Real estate	✓	✓	✓ (listed)	✓	✓ (listed)	✓
Mortgages	✓	✓		✓		✓
Sovereign bonds	✓	✓		✓		✓ <sup>3</sup>
Private equity	✓	✓		✓		✓
Infrastructure	✓	✓		✓		✓
Alternative credits	✓	✓		✓		✓
Private natural capital		✓		✓		✓ (forestry)
Hedge funds		✓		✓		✓
Liquid commodities		✓		✓		

Table 10: Asset classes covered by APG AM Policies and Approaches

### **Prioritization of the main principal adverse impacts**

The prioritization of the main adverse impacts is based on the priority themes of our clients' responsible investment policies which can be summarized as follows:

1. Climate change
2. Nature & biodiversity
3. Circularity
4. Human rights
5. Labour conditions
6. Corporate Governance

Based on these priority themes, APG AM has identified and selected the most relevant principal adverse impact indicators on sustainability factors (PAIs). Based on the results of this identification, the following main PAIs have been prioritized by APG AM.

#### *Environmental PAIs*

1. Greenhouse gas emissions (GHG or CO<sub>2</sub>-emissions) (PAI 1);
2. The carbon footprint (CO<sub>2</sub>-footprint PAI 2) and greenhouse gas intensity (CO<sub>2</sub>-intensity PAI 3) of companies;
3. Exposure to companies active in the fossil fuel sector (PAI 4);
4. Activities with negative impact on biodiversity-sensitive areas (PAI 7);
5. Investments in companies without carbon emission reduction initiatives (additional environmental PAI 4).

#### *PAIs related to social and employee, respect for human rights, anti-corruption and anti-bribery matters*

1. Violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Business (PAI 10);
2. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11)
3. Exposure to Controversial Weapons (PAI 14);
4. Absence of a human rights policy (additional PAI 9);
5. Lack of due diligence (additional PAI 10);
6. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery (additional PAI 16).



The table below shows the APG AM policies and approaches to identify and prioritize principal adverse impacts.

POLICY/ APPROACH	YEAR OF APPROVAL	MAIN DATA SOURCES USED	LINK TO PAIS
Climate Action Plan	2022	CRREM, ISS ESG, and data derived from internal processes	Mandatory PAIs 1-3, 5-6, 15 & 18 Additional PAI 4
Sustainability Risk Management Standard	2025	Sustainalytics, RepRisk, ISS, CRREM.	Mandatory PAIs 1-3, 6, 15 & 18 Additional PAI 4
Corporate Governance Framework & Voting Policy	2022	ISS, Transition Pathway Initiative, Corporate Human Rights Benchmark, S&P, Sustainalytics, and data derived from internal processes	Mandatory PAIs 1-3 & 13 Additional PAI 4
Exclusion Approach	2022	Sustainalytics, ISS, World Bank, Yale, AFM.	Mandatory PAIs 14 & 16
Inclusion Approach	2024	Sustainalytics, MSCI, ISS, Global Coal Exit List (GCEL), Climate Action 100+, CHRB, SPOTT, FAIRR, SBTi targets, Corporate Net Zero Benchmarks, Transition Pathway Initiative (TPI), Urgewald, and data derived from internal processes	Mandatory PAIs 1-11 & 13 Additional PAIs 9, 10 & 16
Sustainable Development Investments	2022	SDI Asset Owner Platform, and data derived from internal processes	Mandatory PAIs 1-8 & 15

Table 11: Asset classes covered by APG AM Policies and Approaches

### Adaptation of the policies

The APG AM policies and approaches for the identification and prioritization of principal adverse impacts on sustainability factors are regularly reviewed and updated if deemed necessary.

## 4 Engagement policies

APG AM strongly believes that effective stewardship benefits companies, investors and the economy, and reduces principal adverse impact on sustainability factors. Therefore, we actively engage with our investments on issues which we consider important for an investment's ability to create and sustain long-term value and reduce principal adverse impacts of sustainability factors.

### **Stewardship**

APG AM adheres to the Dutch Corporate Governance Code, which sets out expectations for asset managers with regard to fulfilling stewardship responsibilities. The Corporate Governance Code is in line with the revised EU shareholder rights directive (2007/36/EC).

Engaging with investee companies and managers allows us to better understand their business challenges and ensures that sustainability risks and opportunities are being addressed. In our [Responsible Investment & Stewardship Policy](#) we explain our approach to responsible investing and stewardship for all asset classes APG AM invests in on behalf of its clients. It sets out our responsible investment focus areas and related expectations to investments, outlines how we meet our responsibilities as a steward of capital and explains how we engage with companies and other entities that we invest in, how we monitor progress and how we vote at annual general shareholder meetings. Based on our clients' RI priority themes and the most important principal adverse impact indicators, we engage with companies on matters around climate, nature & biodiversity, circularity, human rights, labour conditions, and corporate governance.

### **Proxy Voting**

Exercising voting rights on behalf of our clients is a key element of our stewardship activities and an important link in the chain of accountability between a company and its shareholders. In making voting decisions APG AM takes into account the specific context and market in which the company operates, such as the provisions set out in national corporate governance codes as well as local laws and regulations, while encouraging the implementation of global best practice corporate governance and sustainability standards. APG AM's voting decisions are based on our clients' RI policy focus themes and aimed at addressing the most important principal adverse impact indicators.

In the [APG AM Voting Dashboard](#) we disclose all voting decisions on behalf of our clients.

### **Public policy engagement**

APG AM regularly engages with regulators, policymakers and government-related agencies in various markets on sustainability standards, corporate disclosures and other topics relevant to our, and our clients' role as global long-term responsible investors. Public policy engagement is often conducted collaboratively with other members of several investor organizations and associations of which APG AM is a member, such as the International Corporate Governance Network (ICGN), Eumedion, and the Asian Corporate Governance Association (ACGA).

### **Principal Adverse Impacts**

Within our engagement activities we focus on addressing the most important principal adverse impacts of our investments based on the focus themes of our clients' RI policies.

## 5 References to international standards

APG AM is actively involved in multiple investor organizations, networks and initiatives to support sustainability-related standards, long-term investing, and a more sustainable world. Within the context of these organizations and in collaboration with other investors, we advocate standards and principles that support long-term investing, and engage with investments to protect and enhance sustainable long-term value.

APG AM adheres to the following responsible investment related codes, principles and internationally recognized standards for sustainability due diligence and reporting.

ORGANIZATION, STANDARDS OR PRINCIPLES	EXPLANATION	PAI INDICATORS USED TO MEASURE ADHERENCE/ ALIGNMENT
1 <b>Carbon Disclosure Project (CDP)</b>	APG AM is an active member of CDP and encourages investee companies to disclose environmental data under the project.	1-4, additional climate PAI 4
2 <b>Carbon Risk Real Estate Monitor (CRREM)</b>	APG AM is an active member of CRREM and supports its efforts to be the leading standard for operational de-carbonization of real estate assets.	1-6, 17-18
3 <b>Climate Commitment of the Dutch Financial Sector</b>	APG AM and its clients have signed the Climate Commitment of the Dutch Financial Sector. As part of this commitment, we support our clients in setting updated portfolio targets to reflect alignment with the Paris Agreement. As part of this commitment APG AM also reports on our emissions annually and has developed a climate action plan.	1-3, additional climate PAI 4
4 <b>Corporate Human Rights Benchmark</b>	APG AM is co-founder of the Corporate Human Rights Benchmark (CHRB). This benchmark provides insight into how companies in relevant sectors determine, prevent and address human rights.	Additional social PAI 7
5 <b>Dutch Stewardship Code</b>	APG AM adheres to the principles of the Dutch Stewardship Code which sets out expectations for asset managers to meet their stewardship responsibilities, and which is closely aligned with the revised EU Shareholder Rights Directive.	There are no PAI indicators used to measure adherence or alignment with this code.
6 <b>ESG Data Convergence Initiative (EDCI)</b>	APG AM is a founding partner and steers reporting of relevant assets towards abiding with the EDCI mandatory metrics.	1-3, 5-6, 13
7 <b>Finance for Biodiversity (FfB) Pledge</b>	APG AM has signed the FfB pledge and committed to collaborating, engaging, assessing own biodiversity impact, setting targets, and reporting on biodiversity matters.	7
8 <b>ICGN Global Corporate Governance Principles</b>	APG AM is an active member of the ICGN, and APG AM's responsible investment approach is based on the ICGN Global Corporate Governance Principles.	There are no PAI indicators used to measure adherence or alignment with these principles.
9 <b>ICGN Global Stewardship Principles</b>	APG AM is an active member of the ICGN and endorses the ICGN Global Stewardship Principles.	There are no PAI indicators used to measure adherence or alignment with these principles.
10 <b>ILPA Diversity in Action (DIA)</b>	APG AM is a DIA signatory.	12-13
11 <b>Institutional Investors Group on Climate Change (IIGCC)</b>	APG AM is an active member of the IIGCC and collaborates with other investors to create and implement policies, standards and benchmarks that address corporate climate risks reporting e.g through Climate Action 100+.	1-9, additional climate PAI 8
12 <b>Net Zero Investment Framework (NZIF)</b>	APG AM uses the NZIF as a blueprint for our target setting. It is developed by IIGCC, with APG AM being co-lead of the working group.	1-3, 5, 6, 15, 18, additional climate PAI 8

13	OECD Guidelines for Multinational Enterprises	APG AM's responsible investment approach is based on the OECD Guidelines for Multinational Enterprises.	10-11, additional social PAI 9, 10 and 16
14	Partnership for Carbon Accounting Financials (PCAF)	APG AM uses PCAF as a standard for the assessment and disclosure of greenhouse gas emissions associated with financial activities.	1
15	Platform Biodiversity Accounting Financials (PBAF)	APG AM supports this initiative which aims to set a uniform standard for biodiversity foot-printing.	7
16	Principles for Responsible Investment (PRI)	APG AM is a signatory and active member of the PRI and participates in the annual PRI survey.	There are no PAI indicators used to measure adherence or alignment with these principles.
17	Taskforce on Climate-related Financial Disclosures (TCFD)	APG AM follows the framework established by the TCFD. <sup>11</sup>	1-3, 5-6, 15, 18
18	Taskforce on Nature-related Financial Disclosure (TNFD)	APG AM is a member of the TNFD forum which aims to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.	7
19	UN Guiding Principles on Business and Human Rights	APG AM supports the UN Guiding Principles on Business and Human Rights (Principles)	Additional social PAI 10
20	United Nations Global Compact	APG AM adheres to the 10 principles of the UNGC.	1-13

Table 12: Responsible investment related codes, principles and internationally recognized standards for sustainability due diligence and reporting that APG AM Adheres to.

### Forward-looking climate scenarios

In our [Sustainability Risk Management Standard](#) (2025) and [Climate Action Plan](#) (2022) we describe the forward-looking climate scenarios we use. Deterministic climate scenarios are used in the periodic ALM studies performed for our clients with the aim of evaluating the sensitivity of client portfolios for these deterministic scenarios.

<sup>11</sup> While we are aware that, following the merger with ISSB, the TCFD disbanded in October 2023, APG AM continues to use the TCFD recommendations.