



RI TRANSPARENCY REPORT

2013/14

APG Asset Management



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Private							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	✓	Public	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Private							✓
PR 02	Breakdown of assets by management	✓	Private							✓
PR 03	Largest property types	✓	Public							✓
PR 04	Description of approach to RI	✓	Public	✓					✓	
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 07	Formal commitments to RI	✓	Public				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 12	ESG issues impact in selection process	✓	Public	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 20	Proportion of assets engaged with on community issues	✓	Public		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	✓	Public	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments by equity and debt	✓	Private							✓
INF 02	Breakdown of assets by management	✓	Private							✓
INF 03	Largest infrastructure	✓	Public							✓
INF 04	Description of approach to RI	✓	Public	✓					✓	
INF 05	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
INF 07	Formal commitments to RI	✓	Public				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
INF 12	ESG issues impact in selection process	✓	Public	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	✓	Public				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 17	Type and frequency of reports received from investees	✓	Public		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	✓	Public		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Public		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	✓	Public	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
INF 23	Approach to disclosing ESG incidents	✓	Public						✓	

Indirect - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFI 01	Percentage of externally managed assets in inclusive finance managed by PIIF signatories	✓	Public								✓
IFI 02	Due diligence policies and/or procedures for the selection of external investment managers	✓	Public								✓
IFI 03	Including issues referred to in the PIIF	✓	Public								✓
IFI 04	Monitoring managers' implementation of the PIIF	✓	Public								✓
IFI 05	Managers provide information in line with established industry standards	✓	Public								✓
IFI 06	Disclosure of approach to RI in inclusive finance	✓	Public								✓
IFI 07	Contributing to promotion of RI in inclusive finance	✓	Public								✓

APG Asset Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

☐ <10%

☐ 10-50%

☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

☐ <10%

☒ 10-50%

☐ >50%

☐ Other, specify

☐ Execution and advisory only services

OO 01.2

Additional information. [Optional]

APG carries out collective pension schemes for participants in the education, government and construction sectors, cleaning and window-cleaning companies, housing corporations and energy and utility companies, as well as social or sheltered employment. We manage pension assets of, in total, approximately 346 billion euros (December 2013) for these sectors. APG works for over 30,000 employers and provides for the income of around 4.5 million participants. APG administrates over 30% of all collective pension schemes in the Netherlands.

APG Asset Management is a Dutch pension investor. Our asset management is aimed at realizing a good and affordable pension for both current and future generations. Worldwide, we are one of the largest pension investors. Our clients benefit from economies of scale. It gives them access to investment options and external mandates (for example private equity and infrastructure) that would otherwise not be an option, or at least not at the same favorable conditions. With about 650 highly qualified employees working from the Netherlands, the USA and Asia, we have in-house expertise ensuring stable long-term returns.

APG's responsible investment policy is implemented across all asset classes. Every asset class requires a different approach. APG's responsible investment policy has three goals:

1. To improve risk-adjusted financial return,
2. To demonstrate social responsibility and
3. To help safeguard the integrity of financial markets.

OO 02

Mandatory

Peering

General

OO 02.1	Select the location of your organisation's headquarters.
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Netherlands

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- ☐ 1
☒ 2-5
☐ 6-10
☐ >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
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	FTE
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650

OO 02.4	Additional information. [Optional]
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APG AM operates globally with offices in the Netherlands (Amsterdam and Heerlen) and subsidiaries in Hong Kong and New York, and has about 650 FTE employees across these offices.

OO 03	Mandatory	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- ☐ Yes
☒ No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2013

OO 04.2	Indicate your total AUM at the end of your reporting year.
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	trillions	billions	millions	thousands	hundreds
Total AUM		346	500	000	000
Currency	EUR				
Assets in USD		456	407	751	891

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income – corporate	10-50%	<10%
Fixed income – government	10-50%	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	<10%
Property	<10%	<10%
Infrastructure	<10%	<10%
Commodities	<10%	<10%
Hedge funds	0	<10%
Forestry	0	<10%
Farmland	0	<10%
Inclusive finance	0	<10%
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

- ☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 09

Voluntary

Descriptive

General

RI is fully embedded in APG's Governance structure. The capital markets CIO of APG Asset Management chairs the Sustainability & Governance (S&G) Steering Group, which also includes the MD of S&G and four board members, representing risk, legal, alternative investment and clients' concerns. The Steering Group meets on a regular basis to review the implementation of our RI Policy. All relevant RI guidelines and implementation policies also have to be approved by the APG AM Board.

Furthermore, the MD of the Sustainability and Governance team reports directly to the CIO of Capital Markets Investments. In line with the Strategic Investment Plan (STIP), all so-called building blocks (investments in all different asset classes) have had plans in place on how to integrate ESG since the end of 2010. This reflects the remit of our Responsible Investment policy which extends to all asset classes.

Responsible investing is an integral part of APG's investment policy. We know from experience that factors with regard to the environment, society, shareholder rights and corporate governance can have a positive impact on the financial performance of companies in the long-term. That is why our investment decisions are judged on financial criteria as well as on ESG aspects. The integrated approach is reflected in the close cooperation between portfolio managers and sustainability and governance experts, enabling them to find a better balance between return and risk.

ESG has been formally integrated into the investment proposal approval process. The Committee on Investment Proposals (CIP) has full delegated authority from the Board of Directors of APG Asset Management to make all required decisions to assure that all funds are solidly invested, with due observance of liquidity, return, risk diversification requirements, costs, potential reputational risks, and meet the prudent person principles, whilst ensuring that the quality and transparency of the investment process is in place.

All new alternative investments and some listed investments require mandatory ESG sign-off. Thereby the S&G team, which consists of nine people, can engage prior to making certain investments and affect change from the outset by, for example, asking companies or fund managers to commit to responsible investment practices and join sector initiatives. RI policy and reporting requirements are enshrined in the contracts with our external managers and managers of direct investments.

It does not cover the investment transactions that are part of the regular (internal) investment processes of Fixed Income Credits, Fixed Income Treasuries, Inflation Linked Debt, Equities Developed, Equities Emerging, Tactical Real Estate (Pool), Commodities and Asset Allocation & Overlay.

APG's investment belief is that the risk-return profile of portfolios can be improved by factoring in non-financial elements in the investment process. To APG Asset Management, Responsible Investment is a way to improve the investment portfolio's risk-return profile and simultaneously contribute to sustainable development. In order to enable this, APG Asset Management focuses on companies' financial performance as well as the way in which companies deal with the theme of sustainability and how the Executives of the companies deal with their shareholders.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 10.2	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.
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- ☒ Yes, our total listed equities are 10% or more of our total AUM
- ☐ No, our total listed equities are less than 10% of our total AUM

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Property
- ☒ Infrastructure
- ☐ Commodities
- ☐ Cash
- ☐ None of the above

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure
- ☒ Commodities
- ☒ Hedge funds
- ☒ Forestry
- ☒ Farmland
- ☒ Inclusive finance
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers**Direct - Listed Equity incorporation**

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

Direct - Other asset classes with dedicated modules

- ☒ Property
- ☒ Infrastructure

RI implementation via external managers**Indirect - Selection, Appointment and Monitoring of External Managers**

- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Private Equity
- ☒ Property
- ☒ Infrastructure
- ☒ Commodities
- ☒ Hedge funds
- ☒ Forestry
- ☒ Farmland
- ☒ Inclusive Finance

Closing module

☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

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Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

☒ Yes

☐ No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

The way APG manages its clients' pension assets is about more than realizing financial gains. On behalf of our clients we implement the Responsible Investment Policy through which they can demonstrate their social responsibility and integrity and assure a long term good investment. The Responsible Investment Policy applies across all asset classes.

1. Responsible investment is an integral part of the investment process at APG.

We take shareholder rights and environmental and social factors into consideration in our investment decisions. Research in the fields of sustainability and shareholder rights can lead to a decision to decline a certain investment offer, to sell the investment, or to increase or reduce the size of the investment.

2. APG enters into dialogue with companies in order to achieve sustainability and good corporate governance.

In meetings with companies we make our standards on sustainability and shareholder rights clear. To emphasize our message, we often cooperate with other investors in this area.

3. APG expects companies to act with respect for the principles of the UN Global Compact, and we will sell the shares we hold if dialogue does not lead to improvement. Moreover, APG does not invest in products which are banned under Dutch law or international regulations.

This means that we do not invest in companies that are directly involved in the production of land mines, cluster munitions and the firing systems for such munitions, or the production of chemical and biological weapons or nuclear weapons in contravention of the Nuclear Non-Proliferation Treaty. The minimum standards for companies in the fields of human rights, labour standards, the environment and corruption are specified in the UN Global Compact.

4. APG does not invest in sovereign bonds issued by countries that are subject to an arms embargo by the UN Security Council.

A UN Security Council arms embargo indicates that there is serious concern about a country's human rights situation.

5. APG actively exercises our rights as shareholder.

We vote at the shareholders' meetings of the companies in which we invest and we publish our voting behaviour.

6. APG strongly advocates robust Dutch and international laws and regulations aimed at promoting sustainability and good corporate governance.

We regularly discuss sustainability and shareholder rights with legislators and regulatory bodies. We also contribute to the development of standards aimed at improving the integrity of the financial markets over the long term.

7. APG actively looks for attractive investments that promote sustainability.

APG seeks investments that contribute to more sustainable societies by addressing environmental and/or social challenges including climate change, pollution, water scarcity, the loss of habitats and species, education, poverty and socio-demographic trends and imbalances. APG's main societal responsibility is to deliver affordable pensions to its clients and their beneficiaries, and hence these investments have to match APG's risk-return

requirements.

8. APG actively propagates our responsible investment policy in order to promote sustainability and corporate governance.

We cooperate with other asset managers and pension funds across the world in order to increase the effect of our responsible investment policy for our clients. We are active in various Dutch and international forums of cooperation and we communicate extensively about our activities.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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<http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/responsible-investing-policy>

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☐ Yes, all

☒ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Responsible Investment Report 2012	http://www.apg.nl/en/media/publications
Corporate Governance Framework 2011	http://www.apg.nl/en/media/publications
Voting Policy	http://www.apg.nl/en/article/apg-publishes-updated-corporate-governance-and-voting-policy/623
Exclusion List	http://www.apgverslagverantwoordbeleggen.nl/

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
---------	--

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

APG Policy on Conflicts of Interest**Introduction**

APG Asset Management NV (hereafter: APG AM) recognises that, in its capacity of institutional investor and asset manager for its clients, there might be instances where APG AM's interest could be perceived to be (potentially) in conflict with the interest of related parties. It is APG AM's policy to take all reasonable steps to avoid the *mere appearance* of a Conflict of Interest.

Roles and responsibilities

Senior Management within APG AM is responsible for ensuring that its systems, controls and procedures are adequate to identify and manage (potential) Conflicts of Interest. The Compliance department assists in the identification and monitoring of actual and potential Conflicts of Interest.

Identification of potential Conflicts of Interest

Potential Conflicts of Interest can be the result of diverging interests among two or more APG AM clients, the interests of APG AM clients (or any entity related to APG AM clients) versus that of APG AM (or any entity related to APG AM), and the interests of APG AM clients versus that of individuals employed by APG AM (including members of the board). Above all, it is essential to prevent Conflicts of Interest, and if these occur to resolve them in the interest of the clients' beneficiaries.

Policies and procedures

APG AM has adopted an internal Code of Conduct to detect and manage potential conflicts of interest, which is being monitored continuously and reviewed annually. This text is an abstract of the internal Code of Conduct.

Decline to act

Where a potential Conflict of Interest is apparent, APG AM can decide to refrain from engaging in a particular activity.

Existing Policies**1) Insider dealing**

APG AM has adopted regulation that contains a general prohibition of private portfolio transactions in the case of a Conflict of Interest or when confidential information is obtained, and confines any dealing on behalf of personal accounts to transactions in undertakings for collective investment in securities and government bonds.

2) Gifts, invitations and entertainment

Employees must exercise restraint in accepting gifts, invitations and entertainment in order to prevent the acceptance of a business gift having, or appearing to have, an influence on future decisions of APG AM.

3) Additional functions

Employees of APG AM are permitted to carry out additional functions, as long as any such function does not contribute to the appearance of a potential Conflict of Interest. Consequently, every additional function is subject to prior approval by the relevant member of the executive board of APG AM and reported to the Chief Compliance Officer.

Disclosure

If for any reason pre-emptive measures have not been successful in mitigating a potential Conflict of Interest, APG AM will endeavour to make any information pertaining to such conflict available to all relevant stakeholders

☐ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1 | Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2 | Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
☐ Less than once per year

OA 05.3 | Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
☒ Biannually
☐ Annually
☐ Every two years or less
☐ It is not reviewed

☐ No

OA 05.4	Additional information. [Optional]
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Internal reviews

The S&G team has monthly and quarterly meetings, which are partly used to review YTD performance against objectives.

Furthermore, there are regular S&G Steering Committee meetings, comprising of five board members and the MD of S&G, to review aspects of the implementation of the RI policy.

External reviews

The S&G Team reports on a monthly basis to its clients about performance (e.g. engagements, integration, voting and signoffs).

Furthermore, there are regular ESG presentations to clients and even participants of APG's clients.

OA 06	Voluntary	Descriptive	General
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OA 06.1	List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.
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☒ Add responsible investment objective 1

Objective 1	Further deepening of ESG integration within Private Equity
Key performance indicators	APG should take a leading role in the development of an ESG disclosure framework for Private Equity.
Describe the progress achieved	Launched ESG disclosure framework for Private Equity in 2013

☒ Add responsible investment objective 2

Objective 2	Developing a new framework for assessing our investments in infrastructure
Key performance indicators	Establish an investor-led initiative to set the sustainability performance standard for Infrastructure
Describe the progress achieved	We have launched a due diligence questionnaire for Infrastructure investments jointly with other investors

☒ Add responsible investment objective 3

Objective 3	Further development of integrated reporting
Key performance indicators	Ensure that the integrated reporting framework meets the needs of capital market providers.
Describe the progress achieved	A framework that recognizes the providers of financial capital as the primary users of integrated reports was launched in December 2013.

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Further deepening of ESG integration within equities (Quant)
Key performance indicators	Integrate broad based ESG metrics into the quant investment process and develop a systematic approach for monitoring companies and portfolios.

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Improved governance of the financial sector
Key performance indicators	Successful engagements and integration into investment decisions

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Contribute to the review of the OECD Guidelines for Multinational enterprises and their applicability to the financial sector
Key performance indicators	Make a meaningful contribution to the reviews from an investor perspective.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

RI is fully embedded in APG's Governance structure. The capital markets CIO of APG Asset Management chairs the Sustainability & Governance (S&G) Steering Group, which also includes the MD of S&G and four board members, representing risk, legal, alternative investment and clients' concerns. The Steering Group meets on a regular basis to review the implementation of our RI Policy. All relevant RI guidelines and implementation policies also have to be approved by the APG AM Board.

Furthermore, the MD of the Sustainability and Governance team reports directly to the CIO of Capital Markets Investments. In line with the Strategic Investment Plan (STIP), all so-called building blocks (investments in all different asset classes) have a plan in place on how to integrate ESG since the end of 2010. This reflects the remit of our Responsible Investment policy which extends to all asset classes.

ESG has been formally integrated into the investment proposal approval process. The Committee on Investment Proposals (CIP) has full delegated authority from the Board of Directors of APG Asset Management to make all required decisions to assure that all funds are solidly invested, with due observance of liquidity, return, risk diversification requirements, costs, potential reputational risks, and meet the prudent person principles, whilst ensuring that the quality and transparency of the investment process is in place.

All new alternative investments and some listed investments require mandatory ESG sign-off. Thereby the S&G team, which consists of nine people, can engage prior to making certain investments and affect change from the outset by, for example, asking companies or fund managers to commit to responsible investment practices and join sector initiatives. RI policy and reporting requirements are enshrined in the contracts with our external managers and managers of direct investments.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
Legal, Risk & Client Management Heads

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify
 - Sustainability & Governance Steering Committee**
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
---------	---

	Number
--	--------

9

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
---------	---

Board members/Board of trustees

- ☒ Responsible investment included in personal development and/or training plan

OA
09.2

Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

The S&G team gives frequent presentations to, has an ongoing exchange of information with, and provides updates on responsible investment to Board members.

In addition to annual presentations to the boards/investment committees of clients on RI, in 2013 the S&G team provided a knowledge session to board representatives of all clients.

Furthermore, there were 3 ESG/RI knowledge sessions with participants of our main client. All participant meetings were chaired by Board members of the client, and APG's staff contributed by giving detailed examples and information on how we implement RI in practice.

☐ None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other C-level staff or head of department

Legal, Risk & Client Management Heads

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Portfolio managers

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Investment analysts

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Dedicated responsible investment staff

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other role

Sustainability & Governance Steering Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Responsible Investment is part of our mission, vision and investment principles:

"10. Good governance and responsible investment are key

The risk-return profile can be improved by factoring in non-financial elements in the investment process. To APG Asset Management, Responsible Investment is a way to improve the investment portfolio's risk-return profile while simultaneously contributing to sustainable development. In order to accomplish this, APG Asset Management focuses on companies' financial performance, as well as the way in which companies deal with the theme of sustainability and how company Executives deal with their shareholders."

Our mission is:

"We are investors of pension money. Our clients and their participants are at the forefront of our thoughts and actions. We use all of our experience, expertise and innovative power to invest the pension premiums in a sound, responsible and cost effective way.

We contribute to a high quality and affordable pension for the participants of our clients, by realizing a stable, long term return on investment, while taking measured and controlled risks.

To help achieve a sustainable world is an inherent part of our investment process."

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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☒ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
---------	---

Select all that apply

☒ Asian Corporate Governance Association

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG initiated collaboration, led and prepared papers and joint statements, and provided general support for the initiative in various non-public forums.

- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG led and prepared papers and joint statements.

☒ CDP Forests

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- ☒ Basic
☐ Moderate
☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG provided general support for the initiative in various non-public forums.

☒ CDP Water

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- ☒ Basic
☐ Moderate
☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG provided general support for the initiative in various non-public forums.

☐ CFA Institute Centre for Financial Market Integrity

☒ Council of Institutional Investors (CII)

	Your organisation's role in the initiative during the reporting period (see definitions)
--	--

- ☐ Basic
☒ Moderate
☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG has joined the association/initiative and is a member of the Advisory board.

☒ Eumedion

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

APG is a member of Eumedion. We are on the board of Eumedion and have representatives in several committees.

During 2013, APG led and prepared papers and joint statements, acted as an active spokesperson, provided financial support beyond the membership fee, supported to some degree in leadership and/or in preparation of documentation, contributed to the organisation or content of events organised by the group, and provided general support for the initiative in various non-public forums.

☒ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☒ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

APG actively participates in the Extractive Industries Transparency Initiative (EITI) on behalf of its clients.

APG provided general support for the initiative in various non-public forums.

☒ Global Investors Governance Network (GIGN)

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG led and prepared papers and joint statements, acted as an active spokesperson, supported to some degree in leadership and/or in preparation of documentation, contributed to the organisation or content of events organised by the group, and provided general support for the initiative in various non-public forums.

☒ Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG is a founding member of GRESB and has an active role in the Executive Board and the Supervisory Board.

☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG is an active member of the board of the European Institutional Investors Group on Climate Change (IIGCC).

- ☐ Interfaith Center on Corporate Responsibility (ICCR)
☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

APG is a member of the International Corporate Governance Network (ICGN) and chairs the Integrated Business Reporting Committee. APG is actively involved in organizing the annual conference and is part of the ICGN faculty of its training programme.

☒ Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☒ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
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Through our involvement on the board of the IIGCC, we actively participate in other climate-oriented investor networks.

☒ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)
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- ☒ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Through our involvement on the board of the IIGCC, we actively participate in other climate-oriented investor networks.

- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG is one of the founding members of the United Nations Principles for Responsible Investment.

APG initiated collaboration, led and prepared papers and joint statements, acted as an active spokesperson, provided financial support beyond membership fee, supported to some degree in leadership and/or in preparation of documentation, contributed to the organisation or content of events organised by the group, and provided general support for the initiative in various non-public forums.

- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

UKSIF, Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG contributed to the organisation or content of events organised by the group and provided general support for the initiative in various non-public forums.

☐ Shareholder Association for Research and Education (Share)

☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☒ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

APG is a member of the UNEP FI Property working group and, through our involvement on the board of the IIGCC, we actively participate in the UNEP FI.

☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

☒ Basic

☐ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We use the principles put forth by the UNGC in our investment processes and engagement decisions. In so doing, we advocate externally for the adoption of the principles by the companies in which we invest.

☒ Other collaborative organisation/initiative, specify

International Integrated Reporting Committee (IIRC)

Your organisation's role in the initiative during the reporting year
(see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's
involvement in the initiative. [Optional]

Since 2010, APG has been an active member of the International Integrated Reporting Committee (IIRC), a powerful interdisciplinary initiative by leading figures from the business community, the financial sector, legislators and regulators, accountants, academics and civil society organizations. The aim of this initiative is to arrive at a widely supported reporting framework for companies that combines financial, social, environmental and governance information in a workable form. APG is active at the highest level of the International Integrated Reporting Council (IIRC) and is also a member of the Working Group. In December 2013 the IIRC published its first IR framework, to the development of which APG had contributed. Dozens of publicly listed companies are taking part in a pilot program that enables them to gain practical experience of preparing integrated annual reports, thereby allowing them to share their experiences for further development of the framework. APG aims to ensure that the IR Framework meets investors' needs.

- ☒ Other collaborative organisation/initiative, specify
Hedgefunds Standards Board (HFSB)

Your organisation's role in the initiative during the reporting year
(see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's
involvement in the initiative. [Optional]

APG is fully committed to the HFSB and actively advances its Standards. Through our hedge fund manager we are represented on the Board of Trustees and APG is also an Investor Chapter member of the HFSB.

- ☒ Other collaborative organisation/initiative, specify
European Venture Capital Association (EVCA)

	Your organisation's role in the initiative during the reporting year (see definitions)
--	--

- ☐ Basic
☐ Moderate
☒ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG is a member of the EVCA and has a seat in the EVCA Professional Standards Committee. APG also is vice-chairman of the EVCA Responsible Investment Roundtable.

☒ Other collaborative organisation/initiative, specify

Private Equity ESG Disclosure Framework Initiative

	Your organisation's role in the initiative during the reporting year (see definitions)
--	--

- ☐ Basic
☐ Moderate
☒ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

APG actively contributed to the development of the Framework because we consider it important that there be effective and consistent reporting on ESG aspects by the private equity sector. Given our commitment to responsible investment, it is extremely important to APG that ESG factors are taken into account in the investment process and that private equity parties report on this.

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

OA 11.3

Additional information. [Optional]

We have been actively involved in advancing RI in Real Estate (GRESB), Hedge Funds and Private Equity through the ESG Disclosure Initiatives.

OA 12

Voluntary

Additional Assessed

PRI
4,5,6

OA 12.1

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

☒ Yes

- ☒ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2

Select the methods you have used.

- ☒ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☒ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

OA 12.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☒ Yes, publicly available

provide URL

<http://www.iigcc.org/>

provide URL

<http://www.eumedion.nl/>

provide URL

<http://www.icgn.org/>

☐ No

☐ No

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

☒ Yes

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

The RI policy has an impact on our overall market allocation within asset classes and has a significant impact with regards to the type of assets.

The Economics and Financial Markets Team, which sets the framework for asset allocations, uses ESG country risk indicators as a quantitative input for its country risk assessments. An ESG country risk monitor is used as a tool to determine the risk level of investments in certain markets and hence the investment requirements.

☐ No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes

OA 14.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

	% of total AUM
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5

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
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☒ Clean technology

	Asset class invested
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- ☒ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure
- ☐ Commodities
- ☒ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance

	Brief description of investment
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APG actively seeks out attractive investments that promote sustainability. These include investments in sustainable energy, drinking water and waste water purification, waste disposal, schools, and hospitals. Directly and indirectly via our external fund managers, we provide capital to investments that add value in respect of both financial returns and sustainable development.

☒ Green buildings

Asset class invested

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☒ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance

Brief description of investment

APG considers 'Green Stars' in the quadrant model of GRESB as Green building portfolios/investments. Green Stars are real estate investments meeting the 50% hurdle on both dimensions (Management & Policy and Implementation & Measurement within GRESB).

☒ Sustainable forestry

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☒ Commodities
- ☐ Hedge funds
- ☒ Forestry
- ☐ Farmland
- ☐ Inclusive finance

Brief description of investment

Our forestry investments have to meet minimum requirements addressed by standards of the FSC, CSA or SFI.

☒ Sustainable agriculture

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☒ Farmland
- ☐ Inclusive finance

Brief description of investment

We have contributed to the development of sector guidelines for the investment community as a whole. Together with a group of institutional investors we launched the Principles for Responsible Investment in Farmland with the goal of improving the sustainability, transparency and accountability of investments in farmland.

The Farmland Principles provide institutional investors with guidance on:

4. Promoting environmental sustainability;
5. Respecting labour and human rights;
6. Respecting existing land and resource rights;
7. Upholding high business and ethical standards; and
8. Reporting on activities and progress towards implementing and promoting the Principles.

☒ Microfinance

Asset class invested

- ☐ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☒ Inclusive finance

	Brief description of investment
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We make investments that provide solutions to sustainable development issues, such as microfinance.

- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☒ Education

	Asset class invested
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- ☒ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Private equity
- ☐ Property
- ☒ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance
- ☒ Global health

	Asset class invested
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- ☒ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Private equity
- ☐ Property
- ☒ Infrastructure
- ☐ Commodities
- ☐ Hedge funds
- ☐ Forestry
- ☐ Farmland
- ☐ Inclusive finance
- ☐ Other area, specify

☐ No

Innovation			
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OA 18	Voluntary	Descriptive	General
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OA 18.1

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Amongst other activities:

- For our quant portfolio, we have spent considerable time researching corporate governance indicators to statistically test their impact on long-term stock returns. Our research identified a distinction between indicators focused on corporate policy and those focused on corporate behaviour (words vs. actions), with the latter being more correlated with returns than the former. We found that a few indicators were statistically significant and are currently considering methods to systematically incorporate them into an investment strategy.
- APG monitors its so-called High Sustainability investments, which are investments in sustainable and renewable energy (wind, solar, hydropower, and bio-energy), waste-to-energy-plants, schools, green buildings and microfinance.
- We are a founding member of the Global Real Estate Sustainability Benchmark and have made participation and the achievement of above average performance a condition of investment in non-listed real estate.

Assurance of responses**OA 19****Voluntary****Additional Assessed****General****OA 19.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☐ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

OA 19.3

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

- Some of the data used in this report also forms part of the APG annual report, which is audited.
- The S&G steering group regularly reviews ESG activities, i.e. five board members are involved.
- The MD of the S&G team, who reports to the CIO (a board member), has reviewed all information.

☐ No

APG Asset Management

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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ESG factors have to be considered when due diligence is performed on a manager. An ESG signoff is required at the investment committee level. The signoff is part of an integrated process that requires investment proposals to elaborate on ESG impacts of the investment, including an assessment which can be unconditional, conditional or negative.

The S&G Team is responsible for reviewing each investment proposal based on these criteria and engaging with the relevant portfolio managers or external fund managers in order to form an opinion on the ESG quality of the proposal. This may sometimes include a request by S&G staff for further documentation, the adoption of an ESG policy framework, an ESG reporting requirement or other relevant additions that would satisfy our Responsible Investment Policy and would facilitate efficient ESG monitoring. An ESG opinion is also necessary in the pre-investment phase and leads to a formal signoff that is required for each investment proposal to continue being accepted by the relevant investment committees. Regarding ESG monitoring during the life of an investment, S&G Team members are regularly involved by portfolio managers to engage with external fund managers on relevant ESG topics within the portfolio.

Additionally, we frequently require newly appointed fund managers to report on ESG matters (either with reference to a particular industry standard or international standard) and to perform environmental and social impact assessments upon our request. Reporting in such cases is usually on an annual basis (though more frequent reporting can be required depending on the type/geography of an investment). However, it is the frequent contact between portfolio managers and external fund managers throughout the year that facilitates proper monitoring of relevant ESG issues and timely responses to possible ESG related incidents or discrepancies of the external manager.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.
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☒ Yes

SAM 02.2	Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]
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☒ We use investment consultants in our selection and appointment of external managers

Asset class

- ☐ Listed Equity (LE)
- ☐ Fixed income - corporate (FIC)
- ☐ Private equity (PE)
- ☐ Infrastructure (INF)
- ☐ Property (PR)
- ☒ Other asset classes
- ☐ We use investment consultants in our monitoring of external managers
- ☒ We use fiduciary managers

Asset class

- ☐ Listed Equity (LE)
- ☐ Fixed income - corporate (FIC)
- ☒ Private equity (PE)
- ☒ Infrastructure (INF)
- ☒ Property (PR)
- ☐ Other asset classes

SAM 02.3	Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.
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- ☒ Responsible investment is included in the selection process for investment consultants
- ☒ Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them
- ☒ Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring
- ☐ We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

☐ No

**SAM
02.4**

Additional information. [Optional]

We do not use mainstream consultants to support us in the selection and/or monitoring of external managers.

For Private Equity investments, in addition to our direct selection of external managers we have also used a fund-of-funds asset manager Alpinvest, which used to be co-owned by APG. Alpinvest is a signatory of the UN PRI and its responsible investment approach is described on its website: <http://alpinvest.com/responsible-investment>. Alpinvest is a discretionary asset manager and while it makes investment decisions on our behalf and performs a separate ESG analysis, it is obliged to adhere to APG's Responsible Investment Policy, as well as report on its ESG activities on a quarterly basis.

For Hedge Fund investments we use an external advisor New Holland Capital, based in New York, who provides investment advice which includes the consideration of ESG factors. Investment decisions in the hedge fund portfolio are made by APG, which in practice means that the general approach to assessing ESG factors for external managers in the hedge fund portfolio is as described in SAM 01 above.

For new external mandates for Listed Equities and Fixed Income Credits we perform an analysis of the responsible investment policies and they need to, at minimum, fully implement our exclusion policy and allow APG to vote on all positions for Listed Equity. In addition we would stimulate external managers to continuously improve their Responsible Investment practices and have developed a methodology to monitor progress on an annual basis for all external managers.

SAM 03	Mandatory	Gateway	General
SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring		

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Forestry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Farmland	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Commodities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Hedge funds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 05	Mandatory	Gateway	PRI 1,2
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SAM 05.1 Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE	FIC	
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

SAM 05.2	Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.
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	LE	FIC
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We require our external managers to engage on our behalf	<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 05.3	Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.
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	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 05.4	Additional information. [Optional]
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In general we will vote all Listed Equity holdings, including external managed assets, ourselves and value input from our external managers on voting matters.

We perform all engagement ourselves. On at least 2 occasions in 2013 we asked our external managers to reach out to companies in which they have a position (on behalf of us) to address specific ESG issues. We stimulate our external managers to develop their own engagement activities and raise E, S and G issues with company management. Especially in Emerging Markets, we try to work together with external managers on (E, S and) Corporate Governance issues to join forces, gain momentum and establish higher standards across the industry.

Selection

SAM 06	Mandatory	Core Assessed	PRI 1-6
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SAM 06.1	Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:
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General

	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Engagements

	LE	
Discuss the managers' engagement processes	<input checked="" type="checkbox"/>	
Discuss the role managers have played in influencing companies' ESG practices and performance	<input checked="" type="checkbox"/>	
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>	
Other engagement issues in your selection process, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

If you select any 'Other' option(s), specify

We have a specific assessment questionnaire for quantitative external managers concerning research into the integration of ESG indicators in quantitative models.

Appointment

SAM 07	Voluntary	Additional Assessed	PRI 4
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SAM 07.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets:
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	General
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	LE	FIC	
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general RI considerations in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

	ESG incorporation
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	LE	FIC	
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

	Engagement
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	LE	
Specific requirements relating to engagement	<input type="checkbox"/>	
Other RI considerations relating to engagement in investment management agreements, specify	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	

	Reporting
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	LE	FIC	
Reporting on the agreed responsible investment activities	<input type="checkbox"/>	<input type="checkbox"/>	
Reporting on the ESG characteristics of the portfolio	<input type="checkbox"/>	<input type="checkbox"/>	
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to reporting in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Monitoring

SAM 08

Mandatory

Core Assessed

PRI 1

SAM
08.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	LE	FIC	
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input type="checkbox"/>	<input type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Request information on ESG incorporation in specific investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	
Other ways you monitor ESG incorporation, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Engagements

	LE	
Review the ESG information relevant to the engagements	<input checked="" type="checkbox"/>	
Discuss the number of engagements and their comprehensiveness	<input type="checkbox"/>	
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input type="checkbox"/>	
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

SAM 08.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
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We require external managers to participate in an annual review which also includes questions on Responsible Investment (RI). Through this annual questionnaire we ask the external manager to describe changes in and examples of its RI Policy, industry initiatives and collaboration, governance of RI, integration of ESG issues, and engagement activities.

We have developed a methodology which examines external managers' approaches to RI and compares it to their peers, and with this methodology we can also track improvements from one year to the next. The reporting year, 2013, was the first year in which we implemented this methodology. Our external manager selection team will share the results of the assessment with our external managers as part of their ongoing contact with managers. As a result of the annual questionnaire, several external managers have shown interest in working more closely with APG on improving their RI policies and practices.

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
SAM 10.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:		
	General		

	PE	PR	INF
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other pre-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment monitoring (post-investment) of underlying holding

	PE	PR	INF
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other post-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

We will also pay attention to the manager's ongoing compliance with its own responsible investment framework. We would therefore expect to be informed about any changes to a manager's RI policies and get an insight as to how these policies are being implemented over the life of the investment. We use the themes outlined in the ESG Disclosure Framework for Private Equity (http://www.unpri.org/viewer/?file=wp-content/uploads/13161_ESG_Disclosure_Document_v6.pdf) as the basis for our monitoring practices.

SAM 10.2

Provide additional information relevant to your organisation's selection approach for non-listed assets. [Optional]

As set out in the Overview section above, ESG issues are considered and reviewed for all investment styles. Private Equity investments lend themselves well to ESG integration, due to the governance model which in most cases means the asset is controlled/owned by the investors, allowing for greater influence and ability of the manager to have an impact on a portfolio company's approach to ESG practices.

From time to time we may decide to select a manager that does not currently meet all our ESG-related expectations but is committed to improvements after appointment or, in case of an existing manager, as a result of engagement with APG. We would typically ensure that such a commitment is enshrined in the legal documentation and then monitor the implementation of such improvements. More information about such engagement/improvement can be found in our 2013 Responsible Investment Report: <http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/responsible-investing-policy>.

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
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SAM 11.1

When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

	PE	PR	INF
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in your agreements, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to investment selection in your agreements, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment monitoring (post-investment) of underlying holding

	PE	PR	INF
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to investment monitoring in your agreements, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Reporting
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	PE	PR	INF
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations relating to reporting in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Monitoring

SAM 12	Mandatory	Core Assessed	PRI 1-6
SAM 12.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:		
	General		

	PE	PR	INF
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways ESG issues are incorporated in the pre-investment process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment monitoring (post-investment) of underlying holding

	PE	PR	INF
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Request details of how ESG factors were considered when preparing to exit from investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM
12.2**

Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

Relevant ESG topics are frequently a part of APG's annual review of external managers. If any significant concerns are identified the S&G Team will, jointly with the responsible internal investment professional, engage with the external manager.

Other asset classes

SAM 13

Voluntary

Descriptive

PRI 1-6

**SAM
13.1**

Describe how your organisation, and/or your investment consultants, address responsible investment factors in manager selection, appointment and/or monitoring process for the following asset classes:

Asset Class	Description
Commodities	<p>In the commodities portfolio, investments are made directly or indirectly via funds in unlisted companies with operations in the fields of forestry, agriculture, mining, and oil and gas exploration and production. We have a set of internal ESG guidelines for natural resource investments which include asset-specific due diligence questions. APG sets high demands on the ESG performance of these companies as well the supervision of that performance by the funds in which we invest. For example, we require all the funds investing in mining and oil and gas production in emerging markets to agree contractually to adhere to working procedures in accordance with internationally accepted guidelines. Specifically, this concerns the IFC (International Finance Corporation) Performance Standards on Environmental and Social Sustainability as well as the World Bank Group's environmental, health and safety guidelines for mining and oil and gas production (the so-called EHS guidelines).</p> <p>Moreover, each investment in this portfolio is dependent on approval by the S&G Team. The portfolio managers furthermore regularly visit investment projects in the commodities portfolio. These visits serve to ensure that, among other things, the ESG performance of the investments can be properly assessed.</p>
Farmland	<p>In the commodities portfolio, investments are made directly or indirectly via funds in unlisted companies with operations in the fields of forestry, agriculture, mining, and oil and gas exploration and production. We have a set of internal ESG guidelines for natural resource investments which include asset-specific due diligence questions. APG sets high demands on the ESG performance of these companies as well the supervision of that performance by the funds in which we invest. For example, we require all the funds investing in mining and oil and gas production in emerging markets to agree contractually to adhere to working procedures in accordance with internationally accepted guidelines. Specifically, this concerns the IFC (International Finance Corporation) Performance Standards on Environmental and Social Sustainability as well as the World Bank Group's environmental, health and safety guidelines for mining and oil and gas production (the so-called EHS guidelines).</p> <p>Moreover, each investment in this portfolio is dependent on approval by the S&G Team. The portfolio managers furthermore regularly visit investment projects in the commodities portfolio. These visits serve to ensure that, among other things, the ESG performance of the investments can be properly assessed.</p> <p>In the field of agriculture, we not only review and judge our investments on ESG factors, but we also make a contribution to the development of the standards for investing in agricultural land. Working together with other institutional investors we have been instrumental in drawing up the Principles for Responsible Investment in Farmland, with the aim of improving sustainability, transparency and accountability in this area.</p>
Forestry	<p>We invest in forestry funds via our commodities portfolio. In addition to all the standard ESG requirements for all APG investments in the commodities asset class, we require managers investing in timber assets to operate in accordance with a sustainable forestry certification scheme (such as the FSC or equivalent). If not in place such certification needs to be sought in order for us to invest. Sustainable forestry certification schemes usually include requirements regarding greenhouse gas emissions, harvesting methods, genetically modified organisms, maintaining soil fertility and the use of agricultural chemicals.</p>
Hedge funds	<p>Hedge funds are investment funds that apply a wide variety of strategies in order to achieve returns on the financial markets. Pre-investment, APG screens all investments in hedge funds in terms of ESG aspects, with the S&G team having an important say in the assessment of the funds. The S&G team is consequently closely involved with the assessment of all new investment proposals. The analysis by the S&G team is moreover evaluated by an internal investment committee. We chaired a working group of global investors with the aim of developing guidelines for hedge funds with regard to responsible investment and transparency. This resulted in the publication of a discussion document by the UN PRI that serves as a guideline for institutional investors when selecting and monitoring their hedge fund managers.</p>

SAM 13.2	Additional information.
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The basic manager selection, appointment and/or monitoring process is the same for all of the above asset classes and is described in the overview section at the beginning of this module.

We also have separate responsible investment implementation guidelines for hedge funds and commodities (this includes forestry). In addition, we have developed guidance on Unconventional Gas Operations for external managers. We expect High Sustainability Investments to be reported to us from all asset classes.

Our managers have to agree to the following conditions, which are included in the legal documentation:

- Participation of the investment in the annual GRESB-survey for the full holding period of our investment; and
- To the extent that the investment has not yet achieved above average sustainability performance (i.e. outperforming 50% of the peer group in the GRESB benchmark), the manager agrees to work in good faith with APG to identify and to implement agreed upon strategies designed to achieve the required outperformance within three years' time.

Outputs and outcomes

SAM 14	Mandatory to Report	Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
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	%
--	---

10

SAM 14.2	Additional information. [Optional]
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The above percentage is an approximate number.

SAM 15	Voluntary	Descriptive	PRI 2
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SAM 15.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
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☒ Add Example 1

Topic or issue	Private Equity - ESG disclosure requirements
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – corporate bonds <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure <input type="checkbox"/> Property <input type="checkbox"/> Commodities <input type="checkbox"/> Farmland <input type="checkbox"/> Forestry <input type="checkbox"/> Hedge funds
Scope and process	We expect from the private equity parties with whom we do business that they conform to our responsible investment policy and that they commit themselves to regular accountability and transparency checks. In this way, we can monitor these companies and funds effectively in terms of their ESG performance.
Outcomes	In 2013, together with other institutional investors, APG played a leading role in developing an ESG Disclosure framework for private equity fund managers. The framework was published in March 2013. We have been actively encouraging private equity fund managers to use these principles to be more transparent about their ESG activities and have integrated the Framework into our due diligence process.

☒ Add Example 2

Topic or issue	Real Estate - ESG disclosure requirements
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – corporate bonds <input type="checkbox"/> Private equity <input type="checkbox"/> Infrastructure <input checked="" type="checkbox"/> Property <input type="checkbox"/> Commodities <input type="checkbox"/> Farmland <input type="checkbox"/> Forestry <input type="checkbox"/> Hedge funds
Scope and process	<p>A full ESG sign-off is mandatory for each non-listed RE investment opportunity. The sign-off will be based on the latest GRESB survey (which forms the input for the benchmark). The manager has to agree to the following, which are included in the legal documentation:</p> <p>9. Participation of the investment in the annual GRESB survey for the full holding period of APG's investment; and</p> <p>10. To the extent that the investment has not yet achieved an above average sustainability performance (i.e. outperforming 50% of the peer group in the GRESB survey) the manager agrees to work in good faith with APG to identify and to implement agreed-upon strategies designed to achieve the required outperformance within three years' time (maximum of three consecutive GRESB survey years).</p>
Outcomes	<p>In 2013, 198 APG investments, two thirds of the full RE Portfolio, participated in the GRESB Benchmark. 48 of the investments achieved the highest possible performance in GRESB; the so-called Green Stars. Green Stars are either companies or property funds with an integrated organisational approach towards measurement and management of environmental key performance indicators, steering on reductions in resource consumption, and innovation in measures beyond energy efficiency (e.g. productivity, tenant behaviour).</p>

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

Communication

SAM 16

Mandatory

Core Assessed

PRI 6

**SAM
16.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

☒ Yes, we disclose information publicly

provide URL

<http://www.apgverslagverantwoordbeleggen.nl/>

**SAM
16.2**

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

☒ Yes

**SAM
16.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
- ☒ Details of the responsible investment activities carried out by managers on your behalf
- ☒ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- ☐ Other, specify

☐ No

☐ Yes, we disclose information to clients/beneficiaries only

☐ We do not proactively disclose information to the public and/or clients/beneficiaries

APG Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEI 02

Voluntary

Descriptive

PRI 1

We use various strategies with regard to listed equities. Each strategy has its own style and own investment criteria and processes. In the integration of ESG factors, alignment with these strategies is important.

We have the following strategies in place for listed equities:

11. The European Focus Strategy: whereby we aim to become one of the top ten shareholders of around 25 small and medium-sized companies over the next few years,
12. The European Fundamental Strategy: whereby we currently invest in approximately 300 large European multinationals,
13. The Global Emerging Markets Strategy: whereby we invest in approximately 350 large companies,
14. The Global Quantitative Strategies: whereby we invest in approximately 4,000 large companies based on econometric models, and
15. External Manager Selection.

Each strategy is set out in a comprehensive business plan that elaborates on ESG integration within the strategy in a consistent manner. Furthermore, ESG integration is part of the individual appraisal process for portfolio managers for most strategies.

In the European focus strategy, ESG has been fully incorporated in each stage of the investment process. As part of the pre-investment due diligence, an in-depth ESG analysis of the proposed company is performed and discussed with the portfolio managers before the investment decision is taken. The ESG risk assessment is incorporated in the valuation model and if the risks are perceived as being too high the investment may not go ahead. In a number of cases, concerns about ESG risks were a reason for further discussions with the management of the company before the investment decision was taken. Progress on ESG issues is monitored once invested. In the beginning of 2013 all holdings in the portfolio were reviewed on ESG risks.

Portfolio managers of the European and Global Emerging Fundamental teams document the key ESG risks in their Investment Case template which also includes a brief description of key risks, drivers and valuation assumptions. The portfolio managers have access to the most relevant ESG research through the ESG dashboard, an in-house developed, web-based instrument that brings together ratings and research from 3 external sources, our engagement track record and our voting history for individual companies.

The Quantitative and S&G teams have in 2013 intensified their collaboration and have been working on a number of research projects that foster the integration of ESG factors into quant models. After back-testing a range of ESG metrics, and distinguishing between company policies and company behaviour, our results demonstrated that ESG factors enhance risk-adjusted returns. This has led to an innovative investment strategy that systematically determines the portfolio weights of company holdings by considering both fundamental characteristics and ESG factors. The Quant Equities team also performs a monthly assessment of ESG risks in its portfolio.

The External Manager Selection team and the S&G team have in 2013 developed a methodology to compare the approach of all external mandates as part of the annual evaluation process of our external managers. As a result of the assessment, several external managers have taken the initiative to improve their approach to Responsible investment and/or this led to more intensive collaboration on engagement or voting activities between the external managers and APG. With the new monitoring methodology we track such improvements over time.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.		

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
☐ Thematic alone (i.e. not combined with any other strategies)
☐ Integration alone (i.e. not combined with any other strategies)
☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)

100 %

- ☐ Thematic + integration strategies
☐ Screening + thematic strategies
☐ All three strategies combined
☐ No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

One of APG's investment beliefs is that the risk-return profile can be improved by factoring in non-financial elements in the investment process. To APG Asset Management Responsible Investment is a way to improve the investment portfolio's risk-return profile while simultaneously contributing to sustainable development. In order to enable this APG Asset Management focuses on companies' financial performance as well as the way in which companies deal with the theme of sustainability and how the Executives of the companies deal with their shareholders. The best way to achieve this goal is to incorporate ESG as an integral part of our investment processes.

In addition to a strong focus on integration, APG has minimum standards and an exclusion policy built into its investment processes. For example, on behalf of our clients we exclude companies that are involved in the manufacture of landmines, cluster bombs, chemical and biological weapons, and nuclear weapons made in violation of the Nuclear Non-Proliferation Treaty. APG also expects companies to operate in line with the UN Global Compact principles and, in its Responsible Investment Policy, APG also states that it may exclude companies that fail to act in accordance with the principles of the UN Global Compact and show no signs of changing their practices. The exclusion policy was evaluated in 2013, and the list of excluded companies and countries is updated on a 6-monthly basis. As of January 2014, APG has excluded 15 companies.

LEI 03.3

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

See LEI 03.2

LEI 04

Voluntary

Additional Assessed

PRI 1

LEI 04.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

☒ Raw ESG company data

Indicate who provides this information

☒ ESG research provider

☒ Sell-side

☐ In-house – specialised ESG analyst or team

☐ In-house – analyst or portfolio manager

☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Screened stock list
- ☒ Issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Other, specify
NGOs, voting research, news and media, company documents, Bloomberg

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager

LEI 04.2	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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The majority of acquired ESG information is company related, including ESG ratings and scores, analysis of policies and performance on specific ESG issues, news and controversies related to ESG issues, and broker analyses of ESG issues. Part of this information is made available to portfolio managers via our in-house developed web-based ESG dashboard. For more in-depth analysis, more detailed reports are used.

We procure specialist research that establishes how companies perform against specific standards (for example the UNGC principles) or verifies the involvement with controversial weapons (cluster munitions). The latter forms the basis for our exclusion policy. If we deem companies to potentially be in breach of the UNGC principles, we start an intensive engagement program that could ultimately result in exclusion if the company does not show sufficient progress over a period of time.

In addition we also acquire ESG research at a country level that provides insight into the risks of investing in countries, due to the absence of environmental legislation and processes that protect basic human rights or the lack of an institutional governance framework that would protect property rights. This information is used by some investment teams in their country allocation models and is also incorporated into APG country risk tool.

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

LEI 04.4	Describe how you incentivise brokers.
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The S&G team allocates commissions to research providers on the basis of the quality of the research and services provided. We do not disclose the actual amount or percentage paid for ESG research as we consider that confidential.

☐ No

LEI 05	Voluntary	Additional Assessed	PRI 1
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LEI 05.1	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

LEI 05.2	Additional information. [Optional]
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Information about APG's engagement and voting activities is made available to the investing teams using the following tools:

- The ESG Dashboard,
- An automated analysis of country risk data,
- Alert systems that communicate when relevant new shareholder meeting information becomes available,
- The disclosure of our voting record, and
- Regular joint meetings between the investment and S&G teams.

Additional adhoc requests for specific information can also be made and are handled on a case-by-case basis.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

Description

On behalf of our clients we exclude companies that are involved in the manufacture of landmines, cluster bombs, chemical or biological weapons, and nuclear weapons made in violation of the Nuclear Non-Proliferation Treaty. The exclusion policy was last evaluated in 2013, and the list of excluded companies and countries is updated on a 6-monthly basis (for our Exclusion List, please see: <http://www.apgverslagverantwoordbeleggen.nl/>).

- ☐ Positive/best-in-class screening
☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
☐ Universal Declaration of Human Rights
☐ International Labour Organization Conventions
☐ United Nations Convention Against Corruption
☐ OECD Guidelines for Multinational Enterprises
☐ Other, specify

Description

In its Responsible Investment Policy, APG also states that it may exclude companies which fail to act in accordance with the principles of the UN Global Compact and show no signs of changing their practices. The exclusion policy was last evaluated in 2013, and the list of excluded companies and countries is updated on a 6-monthly basis (for our Exclusion List, please see: <http://www.apgverslagverantwoordbeleggen.nl/>).

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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The exclusion policy including the screening criteria are evaluated and reviewed by the client on a regular basis.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 08**Voluntary****Additional Assessed****PRI 1****LEI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached

- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
 - ☒ Systematic
 - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Other, specify
 - External check by Sustainalytics
- ☐ None of the above

LEI 08.2

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

The external fund manager or international portfolio manager is instructed to sell the position immediately. An investigation is conducted to assess the background of and reason for the breach of the policy in order to establish whether and, if yes, which additional measures are needed to prevent future breaches.

(C) Implementation: Integration of ESG issues

LEI 10**Voluntary****Descriptive****PRI 1**

LEI 10.1

Describe how you integrate ESG factors into investment decision making processes.

16. We procure information and research from different sources (e.g. brokers, specialised);
17. The S&G team forms a judgment about the information and makes it available to the portfolio managers via quantitative tools and qualitative views;
18. We leverage in-house ESG and complementary expertise to work closely on the incorporation of ESG in investment cases, investment decision-making processes and asset allocation;
19. We conduct in-depth ESG research and analysis at thematic, country and issuer level.

LEI 11**Mandatory****Core Assessed****PRI 1****LEI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2

Additional information. [Optional]

This response is related and applicable to our in-house strategies.

LEI 12**Voluntary****Descriptive****PRI 1**

LEI 12.1

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 12.2

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

LEI 13**Voluntary****Additional Assessed****PRI 1****LEI 13.1**

Indicate into which aspects of investment analysis you integrate ESG information.

- ☒ (Macro) economic analysis
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Industry analysis
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Analysis of company strategy and quality of management
 - ☒ Systematically
 - ☐ Occasionally
- ☐ Idea generation
- ☒ Portfolio construction
 - ☒ Systematically
 - ☐ Occasionally
- ☒ Fair value/fundamental analysis
 - ☒ Systematically
 - ☐ Occasionally

LEI 13.2	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
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- ☐ Adjustments to income forecasts (sales, earnings, cash flows)
☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
☐ Other adjustments to fair value projections, specify
☐ Other, specify

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
-----------------	---

- ☒ Screening

	Describe any reduction in your starting investment universe or other effects.
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As a result of our exclusion policy we have excluded 12 companies for involvement with controversial weapons. We excluded 3 companies that were considered to be in breach of the UN Global Compact principles and where prolonged engagement had not shown sufficient progress in meeting our engagement expectations.

	Specify the percentage reduction
--	----------------------------------

	%
--	---

0

- ☒ Integration of ESG issues

	Select which of these effects followed your ESG integration:
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- ☒ Reduce or prioritise the investment universe
☒ Overweight/underweight at sector level
☒ Overweight/underweight at stock level
☒ Buy/sell decisions
☐ Other, specify

LEI 16	Voluntary	Descriptive	PRI 1
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LEI 16.1	Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
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a) Impacted funds' financial performance

Screening	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

b) Reduced funds' risk or volatility

Screening	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

c) Improved funds' ESG performance

Screening	Integration of ESG issues	
<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Yes <input type="radio"/> No	

LEI 17	Voluntary	Descriptive	PRI 1
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LEI 17.1

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG issue 1

ESG issue and explanation
<p>As part of our ongoing engagement with investees in the financial services sector, we have conducted a series of structured dialogues around the area of pay, including compliance with new EU regulation in this area.</p>
ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Combination of ESG incorporation strategies</p>
Impact on investment decision or performance
<p>The outcome of this dialogue will impact our voting behaviour and will also input into investment decisions through conviction levels.</p>

☒ ESG issue 2

ESG issue and explanation
<p>For Oil& Gas companies with drilling operations we identified operational safety management as an ESG issue with high investment relevance. We take the safety performance of Oil & Gas companies into account as an important factor in their investment cases. We identified two companies with whom we have started an intensive dialogue aimed at improving the operational safety systems and performance.</p>
ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Combination of ESG incorporation strategies</p>
Impact on investment decision or performance
<p>For one of the two Oil& Gas companies we have seen strong improvements in operational safety systems. This has contributed to our decision to increase our position in the company.</p> <p>For another Oil& Gas company we have seen less improvement thus far. We have quantified the probability and potential impact of another accident and applied the outcome as a discount in our valuation model, and in the meantime we will intensify our engagement.</p>

☒ ESG issue 3

	ESG issue and explanation
<p>When companies are exposed to allegations of bribery, corruption and fraud, it can have a material impact on a company's share price. Investigations can also result in high fines. We therefore take the quality of anti-bribery and corruption policies into account as part of the investment case.</p>	
	ESG incorporation strategy applied
<p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Combination of ESG incorporation strategies</p>	
	Impact on investment decision or performance
<p>In 2013 we have been in dialogue with numerous companies with the objective to improve anti-bribery and corruption systems. In many cases the dialogue is done in collaboration with our portfolio managers and, if not, the outcome of the meetings is shared with our portfolio managers.</p> <p>In several cases we have reduced our position in companies due to a combination of weak anti-bribery and corruption systems, investigation of allegations, weaknesses in the internal control systems and/or accounting irregularities.</p> <p>In one case we reduced our position in an Oil& Gas company with weak anti-bribery and corruption systems where investigations by authorities were announced. When further research by our portfolio manager showed that company had also been aggressive with revenue recognition, we further reduced our position. We reinvested the capital in companies with stronger anti-bribery and corruption standards.</p>	

☒ ESG issue 4

ESG issue and explanation
For power utility companies in Europe, and especially in the UK, carbon legislation is of high importance to our investment cases.
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
<p>Our portfolio manager closely monitors efforts by the European Commission to reform the climate and energy policies, which includes meetings with policymakers and contributing to APG policy engagement with EU representatives on, for example, the European Trading Scheme and 2030 targets.</p> <p>In past years, we had reduced our position in an undiversified coal power plant in the UK as it was fully exposed to increasing carbon charges (as a result of the carbon floor price). We have since kept contact with the company to monitor the progress on a plan to convert from coal to biomass and to ensure that the company adopted responsible biomass sourcing policies. The engagement provided our portfolio manager with sufficient assurance about the company's plans to justify increasing our position in the company again.</p>

☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.		
<input checked="" type="radio"/> We disclose it publicly			
		Provide URL	
		http://www.apgverslagverantwoordbeleggen.nl/	
LEI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.		
<input type="radio"/> Yes <input checked="" type="radio"/> No			
LEI 18.3	Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.		

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

LEI 18.4	Indicate how frequently you typically report this information.
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Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

APG Asset Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

APG enters into dialogue with companies in order to enhance and preserve the value of our investments, and to improve sustainability and corporate governance performance. In meetings with companies we make our expectations on sustainability and shareholder rights clear. To emphasize our message we often cooperate with other investors in this area.

Our approach to engagement includes:

20. Intensive engagement with companies that are potentially in violation of the UN Global Compact with clear objectives, based on structured processes and monitored by our Sustainability & Governance Steering Committee;
21. Engagement based on priority themes that we define at the beginning of the year (e.g. climate change, labour relations, remuneration, board composition);
22. Engagement with (or on behalf of) our portfolio managers on ESG issues that contribute to ESG integration;
23. Ad-hoc engagement based on issues that arise throughout the year;
24. Strategy related engagement contributing to better risk/return profiles; and
25. Engagement with external managers who manage long term portfolios on our behalf.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.2	Additional information. [Optional]
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We do not outsource engagement to external service providers. However, we occasionally commission brokers or research providers to contact companies for fact-checking and collecting additional ESG information.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.		

☉ Yes

Given the present size of APG's equity portfolio universe, we need to consider optimal use of engagement resources, balancing the prospect of achieving successful engagement results from an investment (value creation) and RI policy perspective with other considerations such as market impact and clients' wishes. This requires us to be selective.

Selection criteria

The nature of the concern and the gravity of the particular issue:

- High priority concerns include: violations of the UN Global Compact principles labour standards controversies, environmental harm, board and committee independence, audit concerns, remuneration concerns
- Isolated incidents versus repeated patterns: A once-off incident (for example an oil spill or labour unrest) does not necessarily require engagement. We examine the way management responds to such incidents, and the effectiveness of management systems and other fundamental considerations such as the corporate culture surrounding safety.

Investment impact:

- Business impact - the likelihood the ESG issue identified may or could materialize into a significant business detriment
- Investment relevance - likelihood the ESG issue could impact the share price in the short, medium or long term.
- Portfolio relevance - a combination of our stake and the company's value in our portfolio.
- The degree of leverage we believe we have (outlook for success):
 - size of our stake (% of equity)
 - relationship with the company
 - track record with the company
 - wider investor interest in the topic.

☐ No

- ☒ Yes
- ☐ Yes, for all engagement activities
 - ☒ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ No

**LEA
04.2**

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☐ Yes, in all cases
- ☒ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

**LEA
04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

We have a database that has been in place since 2009 in which we track our engagement with companies as well as other relevant information. We also screen portfolios with respect to the UN Global Compact.

For each engagement we document the company's name, the engagement issues, our objectives, and whether they have been met or if progress has been made. We also document the engagement intensity-level, whether we are working together with other investors, the steps taken in terms of dialogues, meetings and written exchanges, and the steps to be taken in future. The internal database has been a very successful engagement monitoring tool that is used on a daily basis. The database is also accessible to and widely used by portfolio managers.

Engagements with companies on the basis of UN Global Compact violations require sign-off from the board-level Sustainability & Governance steering committee. Progress of these engagement trajectories is evaluated regularly by this committee.

☐ No

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

**LEA
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

LEA
05.2

Describe how you identify and prioritise collaborative engagements.

The assessment of whether or not to start or join a collaborative engagement is defined on the basis of:

- whether there are other like-minded investors with whom we can collaborate,
- whether the engagement is in line with our priorities,
- whether the engagement targets form part of our portfolios, and
- whether we perceive a group engagement to be the most effective approach in a given situation.

☐ No

LEA 06

Mandatory

Core Assessed

PRI 2

LEA
06.1

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

- ☒ Yes, for all collaborative engagement activities
- ☐ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

LEA
06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

- ☒ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☐ Yes, in the minority of cases

**LEA
06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

We have a database that has been in place since 2009 in which we track our engagement with companies as well as other relevant information. We also screen portfolios with respect to the UN Global Compact.

For each engagement we document the company's name, the engagement issues, our objectives, and whether they have been met or if progress has been made. We also document the engagement intensity-level, whether we are working together with other investors, the steps taken in terms of dialogues, meetings and written exchanges, and the steps to be taken in future. The internal database has been a very successful engagement monitoring tool that is used on a daily basis. The database is also accessible to and widely used by portfolio managers.

Engagements with companies on the basis of UN Global Compact violations require sign-off from the board-level Sustainability & Governance steering committee. Progress of these engagement trajectories is evaluated regularly by this committee.

☐ No

General processes for all three groups of engagers

LEA 09

Voluntary

Additional Assessed

PRI 1,2

**LEA
09.1**

Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 10

Mandatory

Gateway/Core Assessed

PRI 2

**LEA
10.1**

Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

LEA 10.2	Additional information. [Optional]
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We have a database that has been in place since 2009 in which we track our engagement with companies as well as other relevant information. We also screen portfolios with respect to the UN Global Compact.

For each engagement we document the company's name, the engagement issues, our objectives, and whether they have been met or if progress has been made. We also document the engagement intensity-level, whether we are working together with other investors, the steps taken in terms of dialogues, meetings and written exchanges, and the steps to be taken in future. The internal database has been a very successful engagement monitoring tool that is used on a daily basis. The database is also accessible to and widely used by portfolio managers.

Engagements with companies on the basis of UN Global Compact violations require sign-off from the board-level Sustainability & Governance steering committee. Progress of these engagement trajectories is evaluated regularly by this committee.

Outputs and outcomes

LEA 11	Mandatory to Report	Voluntary to Disclose	Core Assessed	PRI 2
LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.			

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	189
Collaborative engagements	16

**LEA
11.2**

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA
11.3**

Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

LEA 11.5	Additional information. [Optional]
-----------------	------------------------------------

APG is in the leading role for the PRI joint engagement on Human Capital, and in addition to this, there were engagements with 10 companies where, as part of an individual engagement by APG, we invited other investors to participate.

We haven't included mass communications with companies which were sent by APG alone or as part of a collaborative initiative. For example, we sent a generic letter about our view on corporate governance and good remuneration practices to approximately 100 real estate companies, and we also supported the CERES letter on climate risk which was sent to approximately 200 companies. These are not included in the reported figures unless the company responded and this initiated follow-up engagements.

LEA 12	Voluntary	Additional Assessed	PRI 2
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LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.
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Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

LEA 12.2	Provide an estimated breakdown by E, S and/or G issues.
-----------------	---

	Individual / Internal staff engagements
--	---

	% Environmental only
--	----------------------

7

	% Social only
--	---------------

13

	% Corporate Governance only
--	-----------------------------

53

97

	% Overlapping ESG issues
--	--------------------------

27

100%

	Collaborative engagements
--	---------------------------

	% Environmental only
--	----------------------

7

	% Social only
--	---------------

4

	% Corporate Governance only
--	-----------------------------

61

	% Overlapping ESG issues
--	--------------------------

28

100%

LEA 12.3	Additional information.
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Most of the engagement on overlapping topics incorporated environmental issues to some degree.

LEA 13	Voluntary	Descriptive	PRI 2
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LEA 13.1	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
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☒ Yes

LEA 13.2	Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.
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	Number of company changes or commitments to change
Individual / Internal staff engagements	50
Collaborative engagements	5

☐ No

LEA 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
-----------------	---

☒ Add Example 1

Topic or ESG issue	Management's lack of commitment to sustainable palm oil business practices
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>The main objectives were to encourage Wilmar's management to</p> <ul style="list-style-type: none"> publicly announce their commitment to sustainable palm oil plantation practices, disclose detailed sustainability targets including when and how they would meet the set targets, and disclose how they deal with challenges and complex issues when pursuing sustainable palm oil practices, i.e. relations with local governments and challenges associated the supply chain.
Scope and Process	<p>As a collective engagement, we participated in the UNPRI Investor Working Group for Sustainable Palm Oil, which engaged with most of key constituents of the sector, i.e. palm oil buyers and growers.</p> <p>We also engaged separately with (1) Wilmar's CSR team, (2) Wilmar's main customers (through Investor Relations departments), and (3) the NGOs that have been campaigning against the company.</p>
Outcomes	<p>We have achieved the following commitments from the company:</p> <ul style="list-style-type: none"> Wilmar responded fairly actively to accusations regarding forest burning in 1H2013; Its top management publicly announced the new sustainability targets, which are considered as some of the most progressive in the sector; The targets include: no deforestation, no peat development, no high conservation value stock development, and no exploitation of local community.

☒ Add Example 2

Topic or ESG issue	High number of Health & Safety (OSHA) violations at a US Real Estate company's construction sites
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> To significantly lower the number of OSHA violations over time by letting the company take the appropriate mitigation measures To improve company's OSHA reporting (currently we used a source external to the company) To improve company's oversight (Supply Chain Management): some sub-contractors had repeatedly violated workplace and employment laws Improve Transparency& Accountability: to report on commonly-accepted (GRI) health and safety indicators for both directly employed staff as well as its (sub)contractors
Scope and Process	The scope is limited to construction developments in the USA for the residential market. We had a conversation with the management and sent two letters. We have received a response to both letters.
Outcomes	<p>We have achieved the following commitments from the company:</p> <ul style="list-style-type: none"> Hiring an additional dedicated safety compliance officer; Recruiting a dedicated safety compliance director; Developing and maintaining a more rigorous and comprehensive safety program; The introduction of a newly expanded Job Site Safety Scorecard, which routinely evaluates Project Superintendents on a variety of safety-related metrics and can be used as a component in compensation; Administering a Safety Award Program for contractors and their associates As from 2014 onwards, the company will set specific OSHA-related targets with an appropriate impact on compensation. The company specified breaches (by the contractor) that could potentially lead to termination of contract The company shared its investigative guidelines for accidents and near misses Currently, safety and site conditions are expressly identified as 10% of the assessed "Project performance" (out of 80% as the remaining 20% allocable to "Individual performance") for the purpose of calculating the annual bonus. The company is evaluating how it can accurately track workplace incidents of its independent contractors so that it can include reporting on those incidents as well.

☒ Add Example 3

Topic or ESG issue	Improved Safety Management
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Provide greater transparency on improvements of operational safety management including increased oversight on safety performance.
Scope and Process	<p>We discussed the topic with numerous Oil& Gas companies and identified two Oil & Gas companies with whom we had intensive dialogue over a prolonged period of time (several years).</p> <p>We wrote letter to the companies stating our expectations; we met with management and board representatives at numerous occasions. To increase the effectiveness of our engagement we actively worked together with other large investors.</p>
Outcomes	<p>One of the two companies has met almost all of our expectations. In 2013 the company shared high level outcomes of safety audits by a Board appointed independent auditor. In its next Sustainability Report (in 2014) the company will start to include a report of the independent auditor.</p> <p>At the second Oil& Gas company the progress has been less positive, although at its latest analyst day in November 2013 the company started to provide investors with safety performance indicators and some insight into its plans to improve operational safety management. We will intensify our dialogue with the company in 2014.</p>

☒ Add Example 4

Topic or ESG issue	Foreign investors are being unfairly treated due to foreign investment limits in India
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	To abolish/lift foreign investment limits at a company level.
Scope and Process	We selected the ten largest holding companies in which we invest that still maintain foreign investment limits as low as 24%, even though regulation allows a limit of 100%. An official letter was sent to the selected 10 names.
Outcomes	Lupin, one of the leading pharmaceutical firms, informed us that it decided to lift the foreign investment limit to a significantly higher level.

☒ Add Example 5

Topic or ESG issue	Freedom of association
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Ensure consistent implementation of group wide labour relations policy, including an end to restrictions on freedom of associations in all of its US operations.
Scope and Process	Correspondence and conversations with Ahold staff and directors.
Outcomes	Ahold implemented Employment Principles in its US Carlyle stores to ensure full freedom of association. Also Ahold included all its operations in its employee satisfaction surveys.

☒ Add Example 6

Topic or ESG issue	Posco's India operations have been a main target for local human rights NGOs' campaigns
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>The main objectives were to encourage the company to:</p> <ul style="list-style-type: none"> • Stay clear of any potential human rights abuse associated with its steel mill project in Odisha, India; • Actively engage with local authorities which are handling administrations for the project, not use violence and respect globally recognized human rights guidelines; • Openly engage with a broad range of civic groups, local residents and international NGOs; • Transparently disclose Posco's policies/guidelines and how those policies/guidelines have been implemented in case of the Odisha project; and • Enhance Posco's global sustainability policies/programs in such a way that can be helpful for the business.
Scope and Process	<p>We visited Posco's headquarters and its India operations several times. Numerous calls have been conducted to provide them enough feedback and advice. In December 2013, we helped introduce Posco to UN human rights officers and other NGOs, and facilitated discussions in the meetings.</p>
Outcomes	<ul style="list-style-type: none"> • Posco hired a consultant which will be conducting an independent overview on the effectiveness of its sustainability systems/undertakings and CSR programs. • It several times announced that it would not be involved in any human rights abuse cases. • It started advising the local government bodies regarding human rights. • It started disclosing more publicly and responding more actively to NGO claims and issues raised. • It became more receptive to outsiders' opinions, including shareholders, and more willing to correct any mistakes/wrongdoings than it had been in the past

☒ Add Example 7

Topic or ESG issue	Ongoing in-depth engagement with GlencoreXtrata on several issues, including approach to bribery & corruption, health & safety, and the strategic direction of its sustainable development.
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> Improved quality and disclosure of anti-corruption policies, health and safety policies and sustainable development policies Setting of clear strategic direction in sustainable development at GlencoreXtrata Improved responsiveness to and meeting of stakeholder expectations
Scope and Process	We attended a group presentation by the company, and had a one-to-one meeting with the company to gain a better understanding of its perspective on these issues and to make our own views clear.
Outcomes	The company has committed to taking our recommendations into consideration going forward, specifically regarding the strategic direction of the firm and during the development and implementation of policies.

☒ Add Example 8

Topic or ESG issue	Human rights
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Ensure MTN is not complicit in human rights abuses through its activities in Syria. Ensure MTN adopts and implements a human rights policy including effective procedures regarding handing over user-data to government authorities.
Scope and Process	Correspondence, conversation and a meeting with staff at the company's headquarters.
Outcomes	MTN announced it will publish its human rights policy in 2014.

☐ Add Example 9

☐ Add Example 10

Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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☒ We disclose it publicly

	please provide URL
--	--------------------

<http://www.apgverslagverantwoordbeleggen.nl/>

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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☐ Yes

☒ No

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
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<div>Reporting to the public</div> <div>Engagement information disclosed</div> <div><div><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</div><div><input checked="" type="checkbox"/> Number of engagements</div><div><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</div><div><input type="checkbox"/> Breakdown of engagements by region</div><div><input type="checkbox"/> An assessment of the current status of the engagement</div><div><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</div><div><input type="checkbox"/> Other information</div></div>	<div>Reporting to clients/beneficiaries</div> <div>Engagement information disclosed</div> <div><div><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</div><div><input checked="" type="checkbox"/> Number of engagements</div><div><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</div><div><input type="checkbox"/> Breakdown of engagements by region</div><div><input checked="" type="checkbox"/> An assessment of the current status of the engagement</div><div><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</div><div><input type="checkbox"/> Other information</div></div>
--	--

LEA 15.4	Indicate how frequently you typically report engagements information.
-----------------	---

<div>Reporting to the public</div> <div> <input type="radio"/> Disclosed continuously (prior and post engagements) <input type="radio"/> Disclosed quarterly <input checked="" type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify </div>	<div>Reporting to clients/beneficiaries</div> <div> <input checked="" type="radio"/> Disclosed continuously (prior and post engagements) <input type="radio"/> Disclosed quarterly <input type="radio"/> Disclosed annually <input type="radio"/> Disclosed every two years or less <input type="radio"/> Other, specify </div>
<div>LEA 15.5</div>	<div>Describe any other differences in the information being disclosed. [Optional]</div>

We include a summary of ongoing engagements in our monthly reports to our clients. Publicly we report about engagements afterwards. To our clients we provide detailed information on ESG achievements of individual engagements.

- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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The right to vote is an essential part of a well-functioning corporate governance system and APG therefore exercises this right, wherever possible, at all companies in which it invests. Voting decisions are primarily based on investment considerations. APG's portfolio is global and diversified. When deciding how to vote, APG takes into account the specific context and market in which the company is domiciled.

The underlying principles of the voting policy are:

26. Optimise returns for shareholders - The most important goal of a company, and therefore of its directors, should be to optimise returns for shareholders in the long term, while taking due account of the interests of other stakeholders.
27. Accountability - The directors of a company must be accountable to its shareholders, and also make themselves available for dialogue with shareholders.
28. Transparency - Shareholders demand full and transparent disclosure from companies to enable them to make well-informed investment decisions, and to effectively exercise their rights and responsibilities as part of the company's system of checks and balances.
29. One share, one vote - APG supports the principle of 'one share, one vote', which accords equal rights to all shareholders.
30. Informed votes - We expect companies to make available to shareholders complete materials for general meetings sufficiently in advance of the meeting.

APG makes use of the electronic voting platform of a proxy voting service provider, and also procures proxy research from different research firms to inform our own analyses and voting decisions. APG takes a focused approach to voting. The majority of agenda items are routine and do not require special attention. Therefore we are working with our proxy research provider to implement APG's detailed voting policy for the majority of company meetings. This policy is based on APG's general voting policy and tailor-made so that the votes are always in line with APG's own policy. We can always vote manually and override a vote recommendation. We have centralised voting activities in-house to ensure that votes are consistent across all funds in order to send one single message to companies. APG actively seeks input from external managers when voting in markets where they have specialist expertise.

APG actively votes on shareholder proposals. We carefully consider every proposal and support proposals we believe are in the interest of the company and its shareholders. APG supports proposals if we believe that they help address significant social, environmental and/or governance issues that can be material to a company. APG's responsible investment policy stipulates that we expect companies to abide by the provisions of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. Therefore, APG will support shareholder proposals aimed at ensuring companies operate in accordance with these guidelines. In general, APG supports resolutions that seek to generate greater transparency and accountability about how companies address key environmental and social issues, and/or bring corporate governance into line with best practices.

APG's Corporate Governance Framework and voting policy are publicly available on its website.

Process

LEA 17

Mandatory

Descriptive

PRI 2

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

	Approach
--	-----------------

- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on
--	---------------------------

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 19	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
-----------------	---

- ☒ Obtain confirmation that votes have been lodged:
- ☒ for a majority of votes
- ☐ for a minority of votes
- ☒ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
-----------------	--

We discuss the process and potential improvements with our custodians and service providers on an on-going basis.

For example, during the last few months we have identified a number of areas that could be improved and as a result have developed a method that will confirm our votes in part of the voting chain between the voting platform operator and its service providers in the local markets.

LEA 20	Voluntary	Additional Assessed	PRI 2
---------------	------------------	----------------------------	--------------

LEA 20.1	Indicate if your organisation has a securities lending programme.
----------	---

- ☐ Yes
- ☒ No

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
----------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
- ☐ votes in selected markets
 - ☒ votes on certain issues (all markets)
 - ☒ votes for significant shareholdings (all markets)
 - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
----------	------------------------------------

APG discusses its voting decisions with some companies in advance of or after the annual general meeting but we do not systematically inform all companies.

Before the vote is cast: We communicate to selected companies on the basis of the size of our stake, the issue at hand, and the general intensity of our dialogue with the company at the time.

After the vote is cast: We disclose all our voting decisions through our public voting disclosure tool on APG's website: <http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/voting-behavior>, and we write to some companies to inform them of how we voted.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
----------	---

- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

98

	Specify the basis on which this percentage is calculated
--	--

- ☒ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

There are impediments to exercising our voting rights which we actively seek to address. This includes the practice of share blocking in certain markets whereby one cannot trade in company shares when voting, or cumbersome share re-registration procedures.

APG has been engaging with companies, investors and policymakers alike to change this and as a result we face this issue less frequently, but the proxy voting chain can be optimised further.

To date we cannot always be sure that our vote reaches the company correctly or indeed at all. APG is actively working with custodians, companies and investors, as well as policymakers, to address these shortcomings. In 2013, we did not cast a vote on 2% of the ballots that we could have voted for the above reasons.



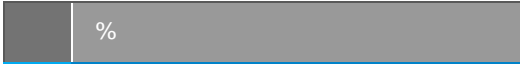
☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
-----------------	--

☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
-----------------	---

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 82.8
Against (opposing) management proposals	 13.5
Abstentions	 3.7

100%

LEA 23.3	For the reporting year, describe your approach towards voting on shareholder resolutions.
-----------------	---

We have developed two sets of internal guidelines dealing with (1) governance and (2) environmental- and sustainability-related shareholder resolutions. These guidelines are specifically designed to draw attention to the cases where we feel closer scrutiny and consideration might be required.

During 2013 we voted on 1215 shareholder resolutions. In 69% of cases we voted with management, in 30% of cases we voted against management recommendations and we abstained (or withheld) from voting on 1% of these items.

☐ No, we do not track this information

LEA 23.4	Additional information.
-----------------	-------------------------

APG's voting decisions are based upon its voting policy which is part of the APG Corporate Governance Framework, available at the APG website:
http://www.apg.nl/nl/pdfs/corporate-governance-framework-2011-nl-def-2_tcm124-130281.pdf.

Combining our votes on management and shareholder proposals, we voted with management for 82.5%, against management for 13.9%, and abstained (or withheld) on 3.6% of all ballot items.

LEA 24	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
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☒ Yes

LEA 24.2	Indicate the number of ESG shareholder resolutions you filed or co-filed.
-----------------	---

	Total number
--	--------------

7

LEA 24.3	Indicate what percentage of these ESG shareholder resolutions.
-----------------	--

Went to vote	<div><div></div>%</div> 86
Were withdrawn due to changes at company and/or negotiations with the company	<div><div></div>%</div> 0
Were withdrawn for other reasons	<div><div></div>%</div> 14

	Total
--	-------

100%

	50-20% approval
--	-----------------

5

	<20% approval
--	---------------

1

**LEA
24.5**

Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.

The resolutions below are all part of the voto di lista process in Italy, led by Assogestioni, in which minority shareholders propose their own candidates to the board. In 2014, we will be engaging in a similar type of minority shareholder activity in Russia.

APG co-filed shareholder proposals at the following companies (with the % votes of the shares represented at the meeting in favour) in 2013:

- Assicurazioni Generali S.p.A. (30%)
- Enel S.p.A. (34%)
- Fiat Industrial S.p.A. (42%)
- Prysmian S.p.A (15%)
- SNAM (38%)
- Unicredit (42%)

☐ No

**LEA
24.6**

Additional information.

Did not go to vote:

Telecom Italia S.p.A.

In this case, the slate of directors we were supporting was listed on the final AGM agenda. It did however not go to vote as the preliminary item to replace the board, on which it depended, was not approved. Of the shares represented at the meeting, 42% were in favour of replacing the board.

LEA 25**Voluntary****Descriptive****PRI 2****LEA
25.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	Remuneration Policy
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To improve disclosure of the company's remuneration policy.
Scope and Process	The company consulted with us on an initial draft of its remuneration policy report, a new requirement in the UK market.
Outcomes	Extensive revisions to the second version of its remuneration policy, taking into account our discussion and suggestions.

☒ Add Example 2

Topic or ESG issue	Appropriate representation of sustainability expertise on the board
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure that the company has considered appropriately the candidacy of a sustainability expert who proposed himself as a director.
Scope and Process	We contacted the company secretary seeking additional information with regards to the nomination process.
Outcomes	Additional information was provided, together with the commitment that the company is making progress in appropriately considering sustainability and ensuring sufficient representation on the board.

☒ Add Example 3

Topic or ESG issue	Remuneration and Governance
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To improve disclosure at the company to reduce the risk of excessive pay as, in our view, happened in the past.
Scope and Process	We had several meetings with various parties from the company, including main board directors.
Outcomes	For 2014, the company revised its remuneration reporting incorporating a number of the issues discussed.

☒ Add Example 4

Topic or ESG issue	Remuneration
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure an appropriate level of pay to the outgoing and incoming CEOs at the time of management change.
Scope and Process	We had several meetings with various parties from the company, including main board directors.
Outcomes	During the course of our communication with the company, we became aware of a specific pension-enhancement clause that investors were previously unaware of. Following our engagement, the company agreed to discontinue the policy from 2016 onwards.

☒ Add Example 5

Topic or ESG issue	Remuneration at a US listed property company
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Adjustment of the remuneration policy, particularly relating to the CEO's retention bonus.
Scope and Process	We discussed via calls and email the changes to the retention package for the CEO that he would get if he would stay on the board for the coming 6 years.
Outcomes	Taking on board investors' concerns, the company changed the retention agreement, extending the period it applies to and phasing out the pay-outs schedule.

☒ Add Example 6

Topic or ESG issue	Remuneration
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Inclusion of value-oriented indicators and greater capital discipline.
Scope and Process	<p>Although we have raised concerns about remuneration policies with many Oil & Gas companies; the described example is specific to one Oil & Gas company.</p> <p>The issue has been a key element of our engagement with the company over the past years. We addressed the issue with management and board representatives and also raised our concerns at the AGM.</p>
Outcomes	The Chairman of the O&G company's remuneration committee confirmed during a meeting in November 2013 that as of 2014 the relative "production growth" measure in the long-term performance plan will be replaced by "Return on Capital Employed" relative to its peers.

☒ Add Example 7

Topic or ESG issue	Board independence
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Get independent directors elected to the company's board of directors in order to protect the interests of minority shareholders.
Scope and Process	We sent a letter to the company, in which we proposed candidates for the board of directors to be included in the AGM agenda. The same action was taken by 11 other investors.
Outcomes	The company placed the requested candidates on the ballot at the AGM, and the director representing minority ordinary shareholders (as opposed to preferred) was elected to the board.

☒ Add Example 8

Topic or ESG issue	Listed companies seek shareholder approval of financial statements without providing audited financials and audit opinion
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	<p>The main objectives:</p> <ul style="list-style-type: none"> To encourage companies to provide appropriate information when they send AGM notice to shareholders such as final audit opinion, audited financials, auditors' confirmation that the numbers are final, etc. To ensure that listed companies have better understandings regarding basic corporate governance principles
Scope and Process	We individually contacted the 20 largest holding companies we invest in via conference calls and face-to-face meetings. We also engaged with the authorities.
Outcomes	<ul style="list-style-type: none"> Samsung Electronics responded promptly by promising that it would provide shareholders with an auditor statement. Several more companies understood our concerns and are internally trying to find a way to solve this issue.

☒ Add Example 9

Topic or ESG issue	Board composition and succession planning
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Ensure effective operation and optimal composition of the supervisory board and management board.
Scope and Process	We met with company and sent several letters about our concerns.
Outcomes	We clearly communicated our opinion that the chairman should nominate a successor by 2015 as part of a board renewal process.

☐ Add Example 10

LEA 25.2	Additional information.
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All examples provided relate to issues which impacted, or will impact going forward, our voting decisions regarding the topics mentioned at the companies.

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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☒ We disclose it publicly

	provide URL
--	-------------

<http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/voting-behavior>

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☒ Yes

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
-----------------	--

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

**LEA
26.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☒ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

APG Asset Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

FI 02

Mandatory to Report Voluntary to Disclose

Peering

General

FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

Credit quality	Fixed Income - Corporate	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03

Voluntary

Descriptive

PRI 1

FI 03.1

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

Fixed Income - Corporate

We take ESG issues into account in our Corporate Bond Investment processes by:

31. Making ESG research and analysis available systematically through various ESG tools.
32. Including the key ESG ratings, compared to peers, in the investment case.
33. Having portfolio managers and analysts assess the ESG risks and determine how these may affect companies' performance and/or risk profiles and required premiums.
34. Having material ESG issues discussed at credit investment committee meetings.
35. Screening entire portfolios against compliance with the UN Global Compact principles.
36. Applying an exclusion policy on companies involved in the manufacture of controversial weapons.
37. Engaging with companies.

Fixed Income - Government

We have developed an ESG country risk tool that is complementary to the other country risk research efforts led by APG's Economics and Financial Markets team, Global Emerging Markets team, and Financial Risk team. The tool is based on public sources, generating detailed information for over 165 countries on 31 Environmental, Social and Governance criteria. Having the possibility to scrutinise and apply different weights to criteria and categories, portfolio managers can adjust the scoring according to their views and perform in-depth analysis on the underlying scores. The methodology takes into account APG's exclusion policy on countries subject to an arms embargo by the UN Security Council in whose bonds we cannot invest.

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.		

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> <div>100</div>
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- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed fixed income - corporate
--	---

100%

FI 04.2	Describe your primary reasons for choosing a particular incorporation strategy.
----------------	---

We use a screening process to identify investments that may not be operating in line with APG's minimum standards. For example we expect companies in which we invest to respect the principles of the UN Global Compact.

In addition we exclude companies that are involved in the manufacture of landmines, cluster bombs, and chemical or biological weapons, and nuclear weapons made in violation of the Nuclear Non-Proliferation Treaty.

FI 04.3	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
----------------	---

We take ESG issues into account in our Corporate Bond Investment processes by:

38. Making ESG research and analysis available systematically through various ESG tools.
39. Including the key ESG ratings, compared to peers, in the investment case.
40. Having portfolio managers and analysts assess the ESG risks and determine how these may affect companies' performance and/or risk profiles and required premiums.
41. Having material ESG issues discussed at credit investment committees.
42. Screening entire portfolios against compliance with the UN Global Compact principles.
43. Applying an exclusion policy on companies involved in the manufacture of controversial weapons.
44. Engaging with companies.

FI 05	Voluntary	Additional Assessed	PRI 1
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FI 05.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

☒ Raw ESG company data

Describe who provides this information.

We source company and issue specific ESG data, ratings and research from various external ESG research providers including Sustainalytics, Reprisk, GMI and Ethix.

- ☐ Issuer-related analysis or ratings
- ☐ Sector-related analysis or ratings
- ☐ Country-related analysis or ratings
- ☐ Screened bond list
- ☒ Issue-specific analysis or ratings

Describe who provides this information.

We source company and issue specific ESG data, ratings and research from various external ESG research providers including Sustainalytics, Reprisk, GMI and Ethix.

☐ Other, specify

FI 05.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Credit ratings are part of the investment process. In addition, we provide ESG research on themes, countries and issuers. We generate and share our views in the form of both quantitative and qualitative tools to further inform portfolio managers' analyses. Portfolio managers and analysts then assess ESG risks and determine how these may affect companies' performance and/or risk profiles and required premiums.

(A) Implementation: Screening

FI 06**Mandatory****Descriptive****PRI 1****FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

	Description
--	-------------

- 45. We currently exclude 3 companies that we consider to be in violation of the UN Global Compact principles.
- 46. We exclude companies that are involved in the manufacture of controversial weapons including cluster bombs, landmines and nuclear weapons that are manufactured in violation of the Non-proliferation Treaty.

☐ Positive/best-in-class screening

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

- 47. We currently exclude 3 companies that we consider to be in violation of the UN Global Compact principles.
- 48. We exclude companies that are involved in the manufacture of controversial weapons including cluster bombs, landmines and nuclear weapons that are manufactured in violation of the Non-proliferation Treaty.

FI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

On behalf of our clients we exclude companies that are involved in the manufacture of landmines, cluster bombs, chemical or biological weapons, and nuclear weapons made in violation of the Nuclear Non-Proliferation Treaty. In its Responsible Investment Policy, APG also states that it may exclude companies which fail to act in accordance with the principles of the UN Global Compact and show no signs of changing their practices. The exclusion policy was evaluated in 2013, and the list of excluded companies and countries is updated on a 6 months basis. (for our Exclusion List, please see: <http://www.apgverslagverantwoordbeleggen.nl>).

FI 07**Mandatory****Core Assessed****PRI 1****FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 08**Voluntary****Additional Assessed****PRI 1****FI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
 - ☒ Systematic
 - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

FI 08.2

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

The external fund manager or international portfolio manager would be instructed to sell the position immediately. An investigation would be conducted to assess the background of and reason for the breach of the policy in order to establish whether and, if yes, which additional measures are needed to prevent future breaches.

(C) Implementation: Integration of ESG factors

FI 10**Voluntary****Descriptive****PRI 1****FI 10.1**

Describe how you integrate ESG issues into investment decision-making processes.

We take ESG issues into account in our Corporate Bond Investment processes by:

49. Making ESG research and analysis available systematically through various ESG tools.
50. Including the key ESG ratings compared to peers in the investment case.
51. Having portfolio managers and analysts assess the ESG risks and determine how these may affect companies' performance and/or risk profiles and required premiums.
52. Having material ESG issues discussed at credit investment committees.

In addition to this we also screen entire portfolios against compliance with the UN Global Compact principles, apply an exclusion policy companies involved in the manufacture of controversial weapons, and engage with companies.

FI 11**Mandatory****Core Assessed****PRI 1****FI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
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FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes

FI 13.2

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

53. We procure information and research from different sources; the S&G team forms a judgment about the information and makes it available to the portfolio managers via quantitative tools and qualitative views, and
54. We leverage in-house complementary expertise to work closely on the incorporation of ESG in country risk assessments.

☐ No

We have developed an ESG country risk tool that is complementary to the other country risk research efforts led by APG's Economics and Financial Markets team, Global Emerging Markets team, and Financial Risk team. The tool is based on public sources generating detailed information for over 165 countries on 31 Environmental, Social and Governance criteria. Having the possibility to scrutinise and apply different weights to criteria and categories, portfolio managers can adjust the scoring according to their views and perform in-depth analysis on the underlying information. The methodology takes into account APG's exclusion policy on countries subject to an arms embargo by the UN Security Council in whose bonds we cannot invest.

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
FI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your fixed income portfolio(s) or investment universe.		

Fixed Income - Corporate

- ☒ Narrow down or prioritise the investment universe
- ☐ Buy / sell / weight decisions
- ☒ Other, specify

Portfolio managers and analysts assess ESG risks and determine how these may affect companies' performance and/or risk profiles and required premiums.

Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☐ Buy / sell / weight decisions
- ☐ Other, specify

FI 15.2**Additional information.**Fixed Income - Corporate

55. We take ESG research and analysis into the investment process. We research, identify, analyse, take a view on and signal ESG risks and issues to the investment team.
56. This allows both analysts and portfolio managers to develop and present more robust investment cases, which enable them to make informed investment decisions by taking better account of risks and translating these into required spreads.

Sovereigns

We provide an ESG assessment on countries based on quantitative and qualitative perspectives. In this process we score countries, which enables us to determine countries' risk profiles.

FI 16**Voluntary****Descriptive****PRI 1****FI 16.1**

Indicate if you believe (by applicable strategy) that incorporating ESG factors has:
(a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c)
Improved funds' ESG performance.

Fixed Income - Corporate**a) Impacted funds' financial performance**

Screening	Integration of ESG issues
<input type="radio"/> Yes	<input type="radio"/> Yes
<input checked="" type="radio"/> No	<input checked="" type="radio"/> No

b) Reduced funds' risk or volatility

Screening	Integration of ESG issues
<input type="radio"/> Yes	<input type="radio"/> Yes
<input checked="" type="radio"/> No	<input checked="" type="radio"/> No

c) Improved funds' ESG performance

Screening	Integration of ESG issues
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes
<input type="radio"/> No	<input type="radio"/> No

Fixed Income - Government

	a) Impacted funds' financial performance
--	--

ESG incorporation (for actively managed funds)	
<input type="radio"/> Yes <input checked="" type="radio"/> No	

	b) Reduced funds' risk or volatility
--	--------------------------------------

ESG incorporation (for actively managed funds)	
<input type="radio"/> Yes <input checked="" type="radio"/> No	

	c) Improved funds' ESG performance
--	------------------------------------

ESG incorporation (for actively managed funds)	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

FI 16.2	Describe how you are able to determine these outcomes and your actual performance.
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While it is at this point in time not possible to make a tangible performance assessment of the integration of certain ESG metrics into our investment process, we find that it adds value to our process. Among others, we use it assess factors such as growth potential and the risk of social conflict and to make better informed investment decisions.

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1	Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.
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☒ ESG issue 1

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
	ESG issue and explanation
<p>We did additional research into the potential ESG risks for a mining company. As the company is present in countries with increased risk of conflicts and has a poor performance in the area of environment and community consultation, we assigned a higher risk to the company from an ESG perspective.</p>	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment view or performance
<p>The identified risks did not lead us to decide against purchasing its corporate bonds, but due to the higher risk profile we required a higher risk premium.</p>	

☒ ESG issue 2

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
	ESG issue and explanation We have met with various issuers of green bonds to assess whether their risk profiles match our mandate criteria for bonds. In these meetings we also assessed how the proposed green bonds have a positive impact on environmental and/or social challenges and how the ESG impact is measured and embedded in the credit process of the issuer.
	ESG incorporation strategy applied <input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
	Impact on investment view or performance We participated in two issuances and were, in total, allocated EUR50 million of green bonds.

- ☐ ESG issue 3
☐ ESG issue 4
☐ ESG issue 5

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- ☒ We disclose it publicly

	Provide URL
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<http://www.apgverslagverantwoordbeleggen.nl>

FI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☐ Yes
☒ No

FI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

☐ We disclose it to clients/beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Engagement in fixed income investments

Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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FI 19.1

Indicate if you engage with corporate issuers.

☒ Yes

☐ No

Fixed Income - Government

FI 20	Voluntary	Descriptive	PRI 2
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FI 20.1

Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

☐ Yes

☒ No

APG Asset Management

Reported Information

Public version

Direct - Property

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PR 03	Voluntary	Descriptive	General
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PR 03.1 Indicate up to three of your largest property types by AUM.

Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Third largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input checked="" type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

PR 04	Voluntary	Descriptive	PRI 1-6
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PR 04.1

Provide a brief overview of your organisation's approach to responsible investment in property where you have equity stakes.

APG uses the Global Real Estate Sustainability Benchmark's tools and services for assessing and monitoring the sustainability performance of its real estate investments over time. APG is using the results of the annual GRESB survey to engage with its investments.

Participation of the investment in the annual GRESB-survey for the full holding period of our investment is mandatory. To the extent that the investment does not achieve an above average sustainability performance ranking (i.e. outperforming 50% of the peer group in the GRESB benchmark), the manager agrees to work in good faith with APG to identify and to implement agreed upon strategies designed to improve the future performance within the GRESB benchmark.

PR 05**Mandatory****Core Assessed****PRI 1-6****PR 05.1**

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

☒ Yes

☐ No

PR 05.3

Additional information. [Optional]

Not publicly available yet. A RPI policy will be publicly available during 2014.

Fundraising of property funds

PR 06**Mandatory****Core Assessed****PRI
1,4,6****PR 06.1**

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

☒ Yes

PR 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in pre-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in post-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases

PR 06.3

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

Responsible Investment is embedded in our property investment processes and is pool-specific.

☐ No

PR 07**Voluntary****Additional Assessed****PRI 4****PR 07.1**

Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in property when requested by clients.

- ☒ We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ Our clients do not request us to make formal commitments to responsible investment in property

Pre-investment (selection)

PR 08**Mandatory****Gateway****PRI 1****PR 08.1**

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

☒ Yes

PR 08.2

Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]

At the outset of any new investment, APG ensures that ESG policies and performance are assessed and reviewed. All new investments are asked to fill out the annual GRESB survey and the responses are considered in detail by the ESG specialist. These results are then summarised in the mandatory and independent ESG signoffs presented to the global Committee for Investment Proposals (CIP) prior to investment.

☐ No

PR 09**Voluntary****Descriptive****PRI 1,4****PR 09.1**

Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the property investment selection process.

☒ Internal staff

☒ Specify role

Head of Sustainability Real Estate

☒ Specify role

Corporate Governance Specialist

☐ Specify role

☒ External resources

☐ Environmental advisors

☐ Social advisors

☐ Corporate governance advisors

☒ Regulatory and/or legal advisors

☒ Other, specify type of advisors/roles

APG uses GRESB's tools and services, occasionally supplemented with country analyses, for assessing and monitoring the sustainability performance of its real estate investments.

☐ No use of internal or external advice on ESG issues

PR 09.2

Additional information.

Other external sources are GMI, Sustainalytics and research from various brokers.

PR 10**Mandatory****Core Assessed****PRI 1,3****PR 10.1**

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.

ESG issues

☒ Environmental

List up to three typical examples of environmental issues

Energy Consumption and Efficiency. The built environment is one of the largest consumers of energy

Water Consumption and Efficiency. The built environment is one of the largest consumers of water, especially during new construction.

Waste levels (both hazardous waste as non-hazardous waste).

☒ Social

List up to three typical examples of social issues

Employee Satisfaction, Health & Safety and Training & Development opportunities.

Tenant Engagement on Sustainability (how to use the building in a resource-efficient way)

Community health and well-being and user safety. Heritage assessment and management. Sustainability education/research programs.

☒ Governance

List up to three typical examples of governance issues

Board Composition: ensure the board has the right mix of skills and expertise.

Board Succession planning: for key staff (CEO, CFO) there should be a clear succession plan in place

Executive pay and remuneration in general: there should be a clear link between remuneration and performance (e.g. TSR).

PR 10.2 Additional information. [Optional]

We vote at the shareholders' meetings of the companies in which we invest and publish our voting behaviour on APG's website.

PR 11	Voluntary	Additional Assessed	PRI 1,3
PR 11.1	Indicate what type of ESG information your organisation typically considers during your property investment selection process.		
<div><input checked="" type="checkbox"/> Raw data from the target property asset/company</div> <div><input checked="" type="checkbox"/> Appraisals/audits</div> <div><input checked="" type="checkbox"/> Benchmarks/ratings against similar property asset</div> <div><input checked="" type="checkbox"/> Country level data/benchmarks</div> <div><input checked="" type="checkbox"/> Data aligned with established property reporting standards, industry codes and certifications</div> <div><input checked="" type="checkbox"/> International initiatives, declarations or standards</div> <div><input checked="" type="checkbox"/> Data from engagements with stakeholders (e.g. tenants and local community surveys)</div> <div><input checked="" type="checkbox"/> Information from external advisers</div> <div><input checked="" type="checkbox"/> Other, specify</div> <div><div>GRESB</div><div><input type="checkbox"/> We do not track this information</div></div>			
PR 12	Voluntary	Additional Assessed	PRI 1

PR 12.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.
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- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☒ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☒ Other, specify

ESG issues led to the withdrawal of a follow-on investment
- ☐ We do not track this potential impact

Selection, appointment and monitoring third-party property managers

PR 13	Mandatory	Core Assessed	PRI 4
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PR 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
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☒ Yes

PR 13.2	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
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- ☒ Selection process of property managers incorporated ESG issues
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Contractual requirements when appointing property managers includes ESG issues
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers
- ☒ Monitoring of property managers covers ESG responsibilities and implementation
 - ☒ For all third party property managers
 - ☐ For a majority of property managers
 - ☐ For a minority of property managers

PR 13.3

Provide a brief description of your organisation's selection, appointment and monitoring of third party property managers. [Optional]

Third-party property managers are selected, appointed and monitored using the following tools:

57. Mandatory Due Diligence Questionnaire ('DDQ') including ESG questions
58. ESG Consultation: Internal meeting with PM to discuss any potential issues arising out of DDQ and how to resolve these
59. ESG Implementation: External meeting with manager to explain the issues and propose solutions and potential implementation of ESG conditions in contracts
60. Formal Assessment: ESG Specialist provides written opinion for review by Investment Committee (chaired by CIO)
61. Annual (Manager) Review: review if conditions were met
62. Ongoing Engagement

PR 13.4

Describe how your third party property managers contribute to the management of ESG issues for your property investments. [Optional]

Our managers have to agree to the following conditions, which are included in the legal documentation:

- Participation of the investment in the annual GRESB-survey for the full holding period of our investment; and
- To the extent that the investment has not yet achieved above average sustainability performance (i.e. outperforming 50% of the peer group in the GRESB benchmark), the manager agrees to work in good faith with APG to identify and to implement agreed upon strategies designed to achieve the required outperformance within three years' time.

☐ No

Post-investment (monitoring and active ownership)

Overview

PR 14

Mandatory

Gateway

PRI 2

PR 14.1

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

PR 14.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☒ We consider ESG issues in other post-investment activities, specify

We consider ESG issues in employee engagements related to our properties

PR 14.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets. [Optional]

We engage with the management of our investments on ESG issues and performance (e.g. GRESB performance relative to peers and rankings). We discuss potential areas for improvement (based on GRESB and/or corporate governance) and ask the management what could be improved/implemented in the coming year(s). We use GRESB (the survey is conducted annually), our Annual Manager Review, Governance rating providers, and our own ongoing engagements and analyses to monitor if the targets on which we agreed were achieved.

☐ No

Property monitoring and management

PR 15**Mandatory****Core Assessed****PRI 2,3****PR 15.1**

Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- ☒ >90% of property assets
- ☐ 51-90% of property assets
- ☐ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

PR 15.2

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

- ☒ Environmental

List up to three example targets per issue
--

Energy Efficiency (intensity indicators kWh/floor area for a like-for-like portfolio)
 Climate change risk assessments (e.g. flooding risks) for new acquisitions
 Existence and scope of an Environmental Policy and whether this policy is publicly available.

☒ Social

List up to three example targets per issue
--

Tenant Engagement and Satisfaction
 Employee Satisfaction and Health & Safety
 Application of sustainability requirements to the supply chain, such as having sustainable procurement or responsible contractor policies and conditions in place for suppliers

☒ Governance

List up to three example targets per issue
--

Board Composition: ensure the board has the right mix of skills and expertise
 Board Succession Planning: for key staff (CEO, CFO) there should be a clear succession plan in place
 Executive Pay and Remuneration in general: there should be a clear link between remuneration and performance (e.g. TSR)

☐ We do not set and/or monitor against targets

PR 15.3	Additional information. [Optional]
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We also use specific indicators for new constructions such as Health& Safety violations, injury rates, etc.

PR 16	Voluntary	Additional Assessed	PRI 2
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PR 16.1	List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.
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☒ Add certification scheme, rating and benchmark 1

Specify	GRESB
Proportion of property assets these apply to	<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

☒ Add certification scheme, rating and benchmark 2

Specify	LEED
Proportion of property assets these apply to	<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input checked="" type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

☒ Add certification scheme, rating and benchmark 3

Specify	BREEAM
Proportion of property assets these apply to	<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input checked="" type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

Property developments and refurbishments

PR 17	Mandatory	Core Assessed	PRI 2
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PR 17.1

Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.

- ☒ >90% of active developments and refurbishments
- ☐ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

PR 17.2	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.
<input checked="" type="checkbox"/> Minimum environmental site selection requirements <input checked="" type="checkbox"/> Minimum environmental site development requirements <input checked="" type="checkbox"/> Sustainable construction materials <input checked="" type="checkbox"/> Minimum water efficiency requirements <input checked="" type="checkbox"/> Minimum energy efficiency requirements <input checked="" type="checkbox"/> Energy generation from on-site renewable sources <input checked="" type="checkbox"/> Waste management plans at sites <input checked="" type="checkbox"/> Health and safety management systems at sites <input checked="" type="checkbox"/> Construction contractors comply with sustainability guidelines <input checked="" type="checkbox"/> Other, specify	
Whether an internationally recognized occupational health and safety management system is in place.	

Occupier engagement

PR 18	Mandatory	Core Assessed	PRI 2
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PR 18.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
<input type="radio"/> >90% of occupiers <input checked="" type="radio"/> 51-90% of occupiers <input type="radio"/> 10-50% of occupiers <input type="radio"/> <10% of occupiers	
(in terms of number of occupiers)	

PR 18.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
<input checked="" type="checkbox"/> Distribute a sustainability guide to occupiers <input checked="" type="checkbox"/> Organise occupier events focused on increasing sustainability awareness <input checked="" type="checkbox"/> Deliver training on energy and water efficiency <input checked="" type="checkbox"/> Deliver training on waste minimisation <input checked="" type="checkbox"/> Provide feedback on energy and water consumption and/or waste generation <input checked="" type="checkbox"/> Provide feedback on waste generation <input checked="" type="checkbox"/> Carry out occupier satisfaction surveys <input type="checkbox"/> Other, specify	

PR 18.3	Additional information. [Optional]
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Green leases or MoUs in place.

PR 19	Voluntary	Additional Assessed	PRI 2
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PR 19.1	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- ☐ >90% of leases or MoUs
- ☐ 51-90% of leases or MoUs
- ☒ 10-50% of leases or MoUs
- ☐ <10% of leases or MoUs
- ☐ 0% of leases or MoUs
- ☐ N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

Community engagement

PR 20	Voluntary	Additional Assessed	PRI 2
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PR 20.1	Indicate in respect of what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.
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- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

PR 20.2	Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.
----------------	--

- ☒ ESG education programmes for the community
- ☒ ESG enhancement programmes for public spaces
- ☒ Research and networking activities focusing on ESG issues
- ☒ Employment creation in communities
- ☒ Supporting charities and community groups
- ☐ Other, specify

PR 20.3	Additional information.
----------------	-------------------------

Whether a comprehensive program of community and user safety audits is in place.

Outputs and outcomes

PR 21	Voluntary	Additional Assessed	PRI 1,2
-------	-----------	---------------------	---------

PR 21.1	Indicate whether your organisation measures how your approach to ESG issues in property investments has affected financial and/or ESG performance.
---------	--

	Financial performance
--	-----------------------

☒ We measure how ESG issues affect financial performance

PR 21.2	Describe the measures your organisation uses to assess the impact of your approach to ESG issues on your property investments' financial performance.
---------	---

In quite a number of large property markets, a 'green premium' (e.g. higher rents and/or higher transaction prices) for sustainable buildings was identified. In other markets we see a 'brown discount' for less sustainable buildings, which means higher obsolescence due to the longer time taken to lease, higher operating costs or a reduction in tenant pool.

Furthermore, we do back-testing on our sustainability data and analyse if this has a positive link with financial performance or a negative link with the risk-profile.

☐ We do not measure how ESG issues affect financial performance

	ESG performance
--	-----------------

☒ We measure changes in ESG performance

PR 21.3	Describe the measures your organisation uses to assess the impact of your activities on your property investments' ESG performance.
---------	---

APG uses the annual GRESB survey for assessing and monitoring the sustainability performance of its real estate investments over time.

☐ We do not measure changes in ESG performance

PR 22	Voluntary	Descriptive	PRI 1,3
-------	-----------	-------------	---------

PR 22.1	Provide examples of ESG issues that affected your property investments during the reporting year.
---------	---

☒ Add Example 1

ESG issue	Health and Safety violations (OHSA)
Types of properties affected	New constructions (residential apartments)
Impact (or potential impact) on investment	Fines/penalties due to breaking the Law (US Federal Law) and a high reputational risk for the company.
Activities undertaken to influence the investment and the outcomes	We asked the company to develop a comprehensive safety program and hire a dedicated safety compliance officer and director. The company has done so. Furthermore, asked the company to report on OHSA-violations so we could see if the trend will go down due to the activities undertaken by the company.

☒ Add Example 2

ESG issue	Underpayment of cleaners
Types of properties affected	Shopping Malls
Impact (or potential impact) on investment	Reputational risk and lower traffic to malls leading to lower revenues/profits
Activities undertaken to influence the investment and the outcomes	We asked the company how they would avoid these types of breaches in the future. Outcome: the company has developed and signed a code of conduct for Fair Service Provision with the cleaners.

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

Communication

PR 23	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

PR 23.1	Indicate if your organisation proactively discloses ESG information on your property investments.
---------	---

☒ Disclose publicly

provide URL

<http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/responsible-investment-in-real-estate>

PR 23.2

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☒ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☒ Other property reporting standards, specify
- GRESB**
- ☐ No property specific reporting standards are used

PR 23.3

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☐ Yes
- ☒ No

PR 23.4

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public	Clients/beneficiaries
<input checked="" type="checkbox"/> ESG information on how you select property investments	<input checked="" type="checkbox"/> ESG information on how you select property investments
<input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments	<input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments
<input type="checkbox"/> Information on your property investments' ESG performance	<input checked="" type="checkbox"/> Information on your property investments' ESG performance
<input type="checkbox"/> Other, specify	<input checked="" type="checkbox"/> Other, specify information on ESG engagements

PR 23.5

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

Public	Clients/beneficiaries
<input type="radio"/> Quarterly or more frequently	<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Semi annually	<input type="radio"/> Semi annually
<input checked="" type="radio"/> Annually	<input type="radio"/> Annually
<input type="radio"/> Every two years or less frequently	<input type="radio"/> Every two years or less frequently
<input type="radio"/> Ad-hoc, specify	<input type="radio"/> Ad-hoc, specify

**PR
23.6**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]

The ESG information disclosed by APG describes:

- how we have integrated ESG into the investment decision processes,
- which sustainability considerations are included,
- the coverage of ESG data for our investments,
- how we engage with companies/funds, and
- the number of companies/funds with which we have engaged.

We publish an annual Responsible Investment Report and we update our website on a regular basis. Furthermore, we disclose our main engagement targets and outcomes and we disclose in detail how we have voted.

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries

APG Asset Management

Reported Information

Public version

Direct - Infrastructure

PRI disclaimer

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Overview

INF 03	Voluntary	Descriptive	General
--------	-----------	-------------	---------

INF 03.1 Indicate up to three of your largest infrastructure sectors by AUM.

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input checked="" type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input type="radio"/> Transportation <input checked="" type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input checked="" type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify

INF 04	Voluntary	Descriptive	PRI 1-6
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INF 04.1

Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you have equity stakes.

APG conducts due diligence on new investments. At the outset of any new investment, APG ensures that ESG policies and behaviours are assessed and reviewed. The managers of all new investments under consideration are asked to fill out the APG Due Diligence Questionnaire, which includes a detailed section on ESG. These results are then viewed in detail by the S&G specialist and summarised in the mandatory and independent ESG signoffs that are presented to the global Committee for Investment Proposals (CIP) prior to investment.

INF 05**Mandatory****Core Assessed****PRI 1-6****INF 05.1**

Indicate if your organisation has a responsible investment policy for infrastructure.

☐ Yes

☒ No

INF 05.3

Additional information. [Optional]

The Infrastructure asset class is covered by APG's overall responsible investment policy. There is no separate/specific Responsible Infrastructure Investment Policy. APG's Responsible Investment Policy is available at: <http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/responsible-investing-policy>

Fundraising of infrastructure funds

INF 06**Mandatory****Core Assessed****PRI
1,4,6****INF 06.1**

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

☒ Yes

INF 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in pre-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases
- ☒ Approach to ESG issues in post-investment processes
 - ☒ Always
 - ☐ In a majority of cases
 - ☐ In a minority of cases

INF 06.3

Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

Responsible Investment is embedded in our infrastructure investment processes and is pool-specific.

☐ No

INF 07	Voluntary	Additional Assessed	PRI 4
--------	-----------	---------------------	-------

INF 07.1

Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in infrastructure when requested by clients.

- ☐ We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☒ In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters
- ☐ Our clients do not request us to make formal commitments to responsible investment in infrastructure

Pre-investment (selection)

INF 08	Mandatory	Gateway	PRI 1
--------	-----------	---------	-------

INF 08.1	Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.
-----------------	--

☒ Yes

INF 08.2	Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection. [Optional]
-----------------	--

At the outset of any new investment, APG ensures that ESG policies and behaviours are assessed and reviewed. The managers of all new investments under consideration are asked to fill out the APG Due Diligence Questionnaire, which includes detailed ESG questions. These results are then viewed in detail by the S&G specialist and summarised in the mandatory and independent ESG signoffs presented to the global Committee for Investment Proposals (CIP) prior to investment.

☐ No

INF 09	Voluntary	Descriptive	PRI 1,4
---------------	------------------	--------------------	----------------

INF 09.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process.
-----------------	--

☒ Internal staff

☒ Specify role

Head of Sustainability RE & Infrastructure

☐ Specify role

☐ Specify role

☒ External resources

☒ Environmental advisors

☐ Social advisors

☐ Corporate governance advisors

☐ Regulatory and/or legal advisors

☒ Other, specify type of advisors/roles

Sometimes the potential investment requires a country analysis (for non-OECD countries).

☐ No use of internal or external advice on ESG issues

INF 09.2	Additional information.
-----------------	-------------------------

The potential investment could require 3rd party assessment on environmental (e.g. land contamination) and social issues (e.g. health and safety standards).

INF 10	Mandatory	Core Assessed	PRI 1,3
---------------	------------------	----------------------	----------------

INF 10.1

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

ESG issues

☒ Environmental

List up to three typical examples of environmental issues

No proper climate change risk assessment framework in place

No clear strategy/approach for lowering the consumption of natural resources (energy, water, land)

No biodiversity or land use policy in place to maintain or enhance biodiversity

☒ Social

List up to three typical examples of social issues

No employee policies in place

No sustainability requirements of the supply chain, such as sustainable procurement or responsible contractor policies

No community engagement program in place

☒ Governance

List up to three typical examples of governance issues

Weak disclosure obligations, audit rights and information rights

The lack of rights to opt out of certain investments, e.g. based on ESG principles

Blocking rights (in the Advisory Board) with respect to certain activities

INF 11

Voluntary

Additional Assessed

PRI 1,3

INF 11.1

Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.

- ☒ Raw data from the target infrastructure asset/company
- ☒ Benchmarks/ratings against similar infrastructure asset
- ☒ Sector level data/benchmarks
- ☒ Country level data/benchmarks
- ☒ Reporting standards, infrastructure sector codes and certifications
- ☒ International initiatives, declarations or standards
- ☒ Engagements with stakeholders (e.g. contractors and suppliers)
- ☒ Advice from external sources
- ☒ Other, specify

APG is taking the lead to set a global standard for assessing the sustainability performance of infrastructure assets, and five other investors are on board.

☐ We do not track this information

INF 12

Voluntary

Additional Assessed

PRI 1

INF 12.1	Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.
-----------------	---

- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☐ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

Selection, appointment and monitoring of third-party operators

INF 13	Mandatory	Core Assessed	PRI 4
---------------	------------------	----------------------	--------------

INF 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.
-----------------	--

☒ Yes

INF 13.2	Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.
-----------------	---

- ☒ Selection process of third-party operators incorporates ESG issues
 - ☒ For all third-party operators
 - ☐ For a majority of third-party operators
 - ☐ For a minority of third-party operators
- ☒ Contractual requirements when appointing third-party operators includes ESG issues
 - ☐ For all third-party operators
 - ☒ For a majority of third-party operators
 - ☐ For a minority of third-party operators
- ☒ Monitoring of third-party operators covers ESG responsibilities and implementation
 - ☒ For all third-party operators
 - ☐ For a majority of third-party operators
 - ☐ For a minority of third-party operators

INF 13.3

Provide a brief description of your organisation's selection, appointment and monitoring of third-party operators. [Optional]

All third-party operators are selected, appointed and monitored using the following process:

63. Mandatory Due Diligence Questionnaire ('DDQ') including ESG questions
64. ESG Consultation: Internal meeting with PM to discuss any potential issues arising out of DDQ and how to resolve these
65. ESG Implementation: External meeting with manager to explain the issues and propose solutions and potential implementation of ESG conditions in contracts
66. Formal Assessment: ESG Specialist provides written opinion for review by global Committee for Investment Proposals (chaired by CIO)
67. Annual (Manager) Review: review if conditions were met
68. Ongoing Engagement

☐ No

Post-investment (monitoring and active ownership)

Overview

INF 14

Mandatory

Gateway

PRI 2

INF 14.1

Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.

☒ Yes

INF 14.2

Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- ☒ We consider ESG issues in the monitoring and operation of infrastructure
- ☒ We consider ESG issues in infrastructure maintenance
- ☒ We consider ESG issues in stakeholder engagements related to our infrastructure
- ☒ We consider ESG issues in other post-investment activities, specify

ESG is integrated into our post-investment activities via the Annual (Manager) Review (review if ESG conditions were met) and ongoing engagement on ESG issues.

**INF
14.3**

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

ESG performance and incidents are reported to APG on an ongoing basis.

☐ No

Infrastructure monitoring and operations

INF 15

Mandatory

Core Assessed

PRI 2

INF 15.1

Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year.

- ☒ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 15.2

Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

☒ Environmental

List up to three example targets per issue

Climate change risk assessment framework in place

Clear strategy/approach communicated for lowering the consumption of natural resources (energy, water, land)

Biodiversity or land use policy in place to maintain or enhance biodiversity

☒ Social

List up to three example targets per issue

Employee policy in place

Application of sustainability requirements to the supply chain, such as a sustainable procurement or responsible contractor policies

Community engagement program in place

☒ Governance

List up to three example targets per issue

Formal policy on sustainability in place

Oversight of sustainability issues at the organization and provision of formal updates

Disclosure of sustainability performance, including a formal reporting and communication

☐ We do not set and/or monitor against targets

INF 16	Mandatory	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

INF 16.1

Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

☒ Yes

INF 16.2

Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

- ☒ >90% of infrastructure investees
- ☐ 51-90% of infrastructure investees
- ☐ 10-50% of infrastructure investees
- ☐ <10% of infrastructure investees
- ☐ 0% of infrastructure investees

(in terms of number of infrastructure investees)

INF 16.3

Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional]

We provide them with best practice guidelines (strong ESG policies) and engage with the management on an ongoing basis.

☐ No

INF 17	Voluntary	Descriptive	PRI 2,3
--------	-----------	-------------	---------

INF 17.1

Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.

Type of reporting

- ☒ Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify
- ☒ Standalone reports highlighting targets and/or KPIs covering ESG issues

	Typical reporting frequency
--	-----------------------------

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify
- ☐ Other, specify
- ☐ No reporting on ESG issues requested and/or provided by infrastructure investees

Infrastructure maintenance

INF 18	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

INF 18.1 Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.

- ☒ >90% of active maintenance projects
- ☐ 51-90% of active maintenance projects
- ☐ 10-50% of active maintenance projects
- ☐ <10% of active maintenance projects
- ☐ N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

INF 18.2 Describe your approach to ESG considerations for infrastructure maintenance projects. [Optional]

The approach is not different for new or existing projects.

Stakeholder engagement

INF 19	Voluntary	Additional Assessed	PRI 2
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INF 19.1 Indicate which stakeholders your organisation, and/or operators, engaged with on ESG issues in relation to your infrastructure assets during the reporting year and what proportion of your investments they apply to.

Stakeholders engaged

- ☒ Regulators

	Percentage of infrastructure assets these apply to
--	--

- ☐ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☒ <10% of infrastructure assets

(in terms of number of infrastructure assets)

☒ Communities

	Percentage of infrastructure assets these apply to
--	--

- ☐ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☒ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

☒ Other stakeholder, specify

NGOs

	Percentage of infrastructure assets these apply to
--	--

- ☐ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☒ <10% of infrastructure assets

(in terms of number of infrastructure assets)

☒ Other stakeholder, specify

Other (co-)investors

	Percentage of infrastructure assets these apply to
--	--

- ☐ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☒ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 19.2	Describe your approach to stakeholder engagements in relation to your infrastructure assets.
-----------------	--

We require from our managers and operators to include the following stakeholder categories in their stakeholder engagement strategy:

- Local community stakeholder groups
- Contractors
- Employees
- Supply chain workers
- Industry stakeholder groups
- Peer stakeholder groups
- Customer stakeholders

Outputs and outcomes

INF 20	Voluntary	Additional Assessed	PRI 1,2
---------------	------------------	----------------------------	----------------

INF 20.1	Indicate whether your organisation measures how your approach to ESG issues in infrastructure investments has affected financial and/or ESG performance.
-----------------	--

	Financial performance
--	-----------------------

- ☐ We measure how ESG issues affect financial performance
- ☒ We do not measure how ESG issues affect financial performance

	ESG performance
--	-----------------

- ☒ We measure changes in ESG performance

INF 20.3	Describe the measures your organisation uses to assess the impact of your activities on your infrastructure investments' ESG performance.
-----------------	---

The main purpose of our ongoing engagement with the management of our infrastructure assets is to measure and discuss changes in ESG performance and to identify future areas for improvement.

- ☐ We do not measure changes in ESG performance

INF 20.4 Additional information.

We don't measure how ESG issues affect financial performance as there is no proper benchmark and the asset class is too diverse to create a meaningful benchmark.

INF 21 Voluntary Descriptive **PRI 1,3**

INF 21.1 Provide examples of ESG issues that affected your infrastructure investments during the reporting year.

☒ Add Example 1

ESG issue	High carbon intensity of coal
Types of infrastructure affected	An undiversified coal-fired power plant in Chile
Impact (or potential impact) on investment	An undiversified coal-fired power plant would be fully exposed to fines for not meeting existing renewable obligations, potential new climate policies and competition from less carbon intensive fossil fuels (LNG)
Activities undertaken to influence the investment and the outcomes	The S&G team advised against the investment, and as a result the investment was not made.

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

Communication

INF 22 Mandatory Core Assessed **PRI 6**

INF 22.1 Indicate if your organisation proactively discloses ESG information on your infrastructure investments.

☒ Disclose publicly

please provide URL

<http://www.apg.nl/en/apg-as-asset-manager/responsible-investing/responsible-investing-policy>

**INF
22.2**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

☐ Yes

☒ No

**INF
22.3**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public

- ☒ ESG information on how you select infrastructure investments
- ☒ ESG information on how you monitor and manage infrastructure investments
- ☐ Information on your infrastructure investments' ESG performance
- ☐ Other; specify

Clients/beneficiaries

- ☒ ESG information on how you select infrastructure investments
 - ☒ ESG information on how you monitor and manage infrastructure investments
 - ☒ Information on your infrastructure investments' ESG performance
 - ☒ Other; specify
- Information on individual engagement outcomes

**INF
22.4**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

Public

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc; specify

Clients/Beneficiaries

- ☒ Quarterly or more frequently
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc; specify

INF 22.5	Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]
-----------------	--

The ESG information contains how we have integrated ESG into the investment decision processes; which sustainability considerations are included; and how and with how many companies/funds we have engaged.

We disclose an annual Responsible Investment Report and we update our website on a regular basis.

We report to our clients on a monthly basis. ESG issues and performance are part of the reporting package. The content is about further integration, update on projects, signoffs and engagements.

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries

INF 23	Voluntary	Descriptive	PRI 6
---------------	------------------	--------------------	--------------

INF 23.1	Describe your organisation's approach to disclosing ESG incidents in infrastructure investments to your investor clients.
-----------------	---

Disclosure on serious ESG incidents is part of the monthly reporting package to our clients.

APG Asset Management

Reported Information

Public version

Indirect - Inclusive Finance

PRI disclaimer

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Context

IFI 01	Mandatory to Report Voluntary to Disclose	Descriptive	General
--------	---	-------------	---------

IFI 01.1

Indicate approximately what percentage (+/-10%) of your externally managed assets in inclusive finance are managed by PIIF signatories.

- ☐ All
☒ Some

% of your total externally managed assets in inclusive finance

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Selection

IFI 02	Mandatory	Core Assessed	General
--------	-----------	---------------	---------

IFI 02.1

Indicate if you have due diligence policies and/or procedures in place for the selection of external investment managers in inclusive finance that take their approach to the following responsible investment issues (PIIF Principles) into account:

Actively supporting retail providers to innovate and expand the range of financial services available to low income people (Principle 1)

- ☐ Yes
☒ No

Integration of client protection in investment policies and practices. (Principle 2)

- ☒ Yes
☐ No

Treating investees fairly with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes. (Principle 3)

- ☒ Yes
☐ No

The inclusion of environmental, social and corporate governance (ESG) issues in investment policies and reporting. (Principle 4)

- ☒ Yes
☐ No

	Active promotion of transparency in all aspects. (Principle 5)
--	--

- ☒ Yes
☐ No

	Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors. (Principle 6)
--	---

- ☐ Yes
☒ No

	Collaborating to set harmonised investor standards that support the further development of inclusive finance. (Principle 7)
--	---

- ☒ Yes
☐ No

IFI 02.2	Additional information. [Optional]
----------	------------------------------------

We did not make any new investments in inclusive finance in 2013. PIIF is presently not specifically referred to in our contractual agreements/investment mandates in our externally managed portfolio. Limited Partnership Agreements in Private Equity Funds focusing on inclusive finance have been signed prior to the establishment of PIIF. We do however track which of our investments in the inclusive finance space are managed by PIIF signatories.

Contractual agreements and mandate design

IFI 03	Mandatory	Core Assessed	General
--------	-----------	---------------	---------

IFI 03.1	When agreeing contracts and designing mandates with investment managers, in the process, indicate if you consider including the following issues referred to in the PIIF:
----------	---

	Actively supporting retail providers to innovate and expand the range of financial services to low-income people (Principle 1)
--	--

- ☐ Yes
☒ No

	Integration of client protection in investment policies and practices (Principle 2)
--	---

- ☐ Yes
☒ No

	Treating investees fairly with appropriate financing needs that meets demand, clear and balanced contracts and fair processes for resolving disputes (Principle 3)
--	--

- ☐ Yes
☒ No

	The inclusion of ESG issues in investment policies and reporting (Principle 4)
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- ☐ Yes
☒ No

	Active promotion of transparency in all aspects (Principle 5)
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- ☐ Yes
☒ No

	Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors (Principle 6)
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- ☐ Yes
☒ No

	Collaborating to set harmonised investor standards that support the further development of inclusive finance (Principle 7)
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- ☐ Yes
☒ No

IFI 03.2	Additional information. [Optional]
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We do not refer to standards in our current contractual agreements/investment mandates in our externally managed portfolio. Limited Partnership Agreements in Private Equity Funds focusing on inclusive finance have been signed prior to the establishment of PIIF.

Investment manager monitoring and reporting

IFI 04	Mandatory	Core Assessed	General
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IFI 04.1	Indicate if you monitor your current investment managers' implementation of the PIIF principles.
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- ☒ Yes

IFI 04.2

Indicate the frequency of reporting you typically require.

- ☒ Annually or more frequently
☐ Every two years or less
☐ Ad-hoc, specify
☐ No

IFI 04.3

Additional information. [Optional]

We monitor our current managers' implementation of the PIIF principles annually and information on portfolio company development is reported on a quarterly basis.

IFI 05

Voluntary

Additional Assessed

General

IFI 05.1

Indicate if you require your investment managers to provide you with information in line with established industry standards.

- ☐ Yes
☒ No

IFI 05.3

Additional information.

We require our inclusive finance managers to provide information on the ESG performance of their portfolios on a regular basis. For this purpose, a combination of data based on certain industry standards (e.g. IFC Performance Standards) and high level portfolio company data is provided to us.

Disclosure**IFI 06**

Mandatory

Core Assessed

General

IFI 06.1

Indicate if your organisation proactively discloses any information about your approach to responsible investment in inclusive finance.

- ☒ Yes, we disclose publicly

provide URL

<http://www.apgverslagverantwoordbeleggen.nl/?lang=en>

- ☐ Yes, we disclose to clients/beneficiaries only
☐ No

IFI 07

Voluntary

Descriptive

General

IFI 07.1	Indicate if you contributed to the promotion of responsible investment in inclusive finance in the reporting year, beyond investment manager selection, appointment, monitoring and reporting.
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☒ Yes

IFI 07.2	Describe what actions you have taken and if these are delivered via a separate entity.
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APG actively promotes its responsible investment policy in order to promote sustainability and corporate governance. We work with other asset managers and pension funds around the world to increase the impact of the responsible investment policy for our clients and we communicate actively about our activities, such as the High Sustainability Investments, which takes into account investments in inclusive finance.

☐ No

IFI 07.3	Additional information.
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APG actively seeks out attractive investments that promote sustainability. These include investments in sustainable energy, drinking water and waste water purification, waste disposal, micro credit, schools, and hospitals. We therefore consider inclusive finance to be part of our High Sustainability Investment portfolio.