



CLIMATE TRANSPARENCY REPORT 2019

APG Asset Management

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-FDB69C98-1A00-4F89-B877-F5AFF10A0758/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	APG Asset Management
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2009
Region	Europe
Country	Netherlands
Disclosure of Voluntary Indicators	68% from 38 Voluntary indicators

APG Asset Management

Reported Information

Public version

Strategy and Governance

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.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<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

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

Quantitative targets on Responsible Investment (see SG 01.5)

Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

APG Asset Management (APG) is a fiduciary manager for Dutch pension funds. We invest globally with the aim to enable our clients, on whose behalf we invest, to achieve the highest net return for their beneficiaries while ensuring the pension funds remain strong and future-proof. As a leading long term responsible investor we want to enable pension fund beneficiaries to rely on a good income upon retirement and enjoy that income in a sustainable world. All investment policies are geared towards achieving this dual objective.

One of APG's investment beliefs is that good governance and responsible investment are key.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

APG's Responsible Investment & Stewardship Policy applies across all asset classes and is described in more detail below:

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.

For 2016-2020 our largest client, ABP, has set the following objectives:

- To have €5 billion of our assets invested in renewable energy;
- To reduce the CO2 footprint of our listed equity portfolio by at least 25%;
- To double our investments in Sustainable Development Investments
- To invest €500 million in education-related properties and infrastructure;
- To invest €500 million in communication infrastructure.

For 2016-2020 our largest client, ABP, has set the following engagement objectives:

- Companies in the textiles and clothing sector will provide safe working conditions throughout the production chain (in line with the agreements in the Bangladesh accord);
- Companies in the shipbuilding sector in which we invest will publish a policy for safe working conditions which will be applied throughout the chain;
- We support the GRESB Infrastructure benchmark as the new sustainability standard (including safety, health and the environment) for investments in the field of infrastructure and at least half of our infrastructure investments will report to GRESB Infrastructure;
- Companies which we invest in covering the ICT, textiles and clothing and energy sectors will publish human rights policies;
- We will engage with companies in the cocoa production chain to eliminate child labor in the supply chain.

Another client of APG, bpfBOUW has set the following targets towards 2020:

- To reduce the CO2 footprint of our listed equity portfolio by at least 25%;
- To aim for €12 billion exposure to Sustainable Development Investments
- To engage with companies in the construction, garment and shipbuilding sector on safety and labor conditions

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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We have used scenario analysis to explore plausible future developments up to 2040 in the economic sectors that we invest in. We have used both a 'business-as-usual' scenario and a '2-degrees' scenario.

From these scenarios, we identified 44 climate factors. These are the key drivers of climate-related risk and opportunity that may impact the economic sectors that we invest in, e.g. carbon pricing, extreme heat, decreasing oil demand, flooding, rise of renewable technologies. We have categorized these climate factors in three buckets: Policy & Regulation, Technology, Market & Reputation and Physical Impact. For each sector, we assessed the most significant climate factors, and how these may impact on growth and cost levels in the sector. We have done this for 26 economic sectors covering roughly half of the portfolio, using the time horizons 2022 - 2030 - 2040.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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The scenario analysis undertaken used time horizons 2022, 2030 and 2040.

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

Describe

The results of our climate scenario analysis have been captured in a traffic light model, which offers insight into the most pressing risks and opportunities in 2022, 2030 and 2040. This analysis will be conducted every two years to capture the latest developments into the scenarios. Next to that, we developed a dashboard with 25 indicators that together give insight into the speed of which the transition to a low-carbon economy is going. This dashboard will be updated every half year and will be available broadly within APG Asset Management. The two tools enable a high-level organization-wide view on the key climate related risks and opportunities in the portfolio, and the speed at which these may be manifested.

The portfolio managers and sector specialists of the various investment strategies are primarily responsible for managing of climate related risks and capturing opportunities, since at that level the specific knowledge is available on how climate change can impact investments. The organization-wide insights from the climate scenario analysis can raise points of attention and priorities for follow-up by the portfolio managers. Therefore, the portfolio managers are the so-called first line of defense within the risk management framework.

With the climate scenario analysis, APG has made steps to further integrate climate change also into the so-called second line of defense. The traffic light model and the dashboard are available for management teams and the risk management department of APG, as well as for our clients. In the coming years, work will be done to further integrate climate change into the second line of defense function.

Current mitigation measures include:

- Actively monitoring developments in policy, markets and technology through research, company meetings, trade fairs, conferences, in-situ visits, etc. For example, in 2018 a portfolio manager covering the Utilities sector went on a field trip to Germany to, amongst others, speak with politicians about the developments of the German Special Commission on growth, structural economic change and employment ("Coal Exit Committee"). This multi-stakeholder committee is advising the German government on the phase out of coal and lignite.
- Accounting for carbon pricing, reduced volumes of fossil fuels and other financial impacts in investment cases and CIP memos, e.g. a 15% annual reduction in coal transport for investments in US rail transport companies.

- In illiquid asset classes, an investment rationale focused on next-generation assets. Long-term risks are included in due diligence and subject to GRIG sign-off.
- Analysis of companies' transition strategies and capex plans, particularly in transition sectors such as oil& gas and automobiles.

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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Responsible Investment Report

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.apg.nl/en/asset-management/responsible-investing}

- Attachment (will be made public)
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors

	URL/Attachment
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- URL

URL

{[hyperlink:https://www.apg.nl/pdfs/APG%20AM%20Global%20Corporate%20Governance%20Framework%20FINAL_ENG.pdf](https://www.apg.nl/pdfs/APG%20AM%20Global%20Corporate%20Governance%20Framework%20FINAL_ENG.pdf)}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties

URL/Attachment

- URL

URL

{[hyperlink:https://www.apg.nl/pdfs/APG%20Responsible%20Investment%20-%20Stewardship%20Policy%20FINAL_ENG.pdf](https://www.apg.nl/pdfs/APG%20Responsible%20Investment%20-%20Stewardship%20Policy%20FINAL_ENG.pdf)}

- Attachment (will be made public)
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{[hyperlink:https://www.apg.nl/en/asset-management/responsible-investing](https://www.apg.nl/en/asset-management/responsible-investing)}

- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{[hyperlink:https://www.apg.nl/en/asset-management/responsible-investing](https://www.apg.nl/en/asset-management/responsible-investing)}

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{hyperlink:https://www.apg.nl/en/asset-management/our-beliefs}

- Attachment
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL

URL

{hyperlink:https://www.apg.nl/pdfs/APG%20Responsible%20Investment%20-%20Stewardship%20Policy%20FINAL_ENG.pdf}

- Attachment
- ESG incorporation approaches
- Active ownership approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.apg.nl/pdfs/APG%20Responsible%20Investment%20-%20Stewardship%20Policy%20FINAL_ENG.pdf}

- Attachment
- Reporting

URL/Attachment

- URL

URL

{hyperlink:https://www.apg.nl/en/asset-management/responsible-investing}

- Attachment
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

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

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Other role, specify (1)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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APG has set a comprehensive 2020 strategy as a long-term, responsible investor. It includes a set of clear targets one of which relates to the integration of climate risks and opportunities in asset allocation and portfolio management. As such, the Board of APG AM receives regular updates on the progress of our Climate Change strategy and implementation thereof.

In 2018, in response to client requests, APG has installed an organization-wide steering and working group with the aim to develop tools and methodologies to enable APG and its clients to systematically monitor the developments of climate risks and opportunities in the portfolio.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Several resources are available for management teams for monitoring climate risk and opportunities in the portfolio (the traffic light model and the dashboard).

APG's GRIG team has a coordinating role, including dedicated resources and managerial responsibility to further the climate change agenda across the organization, as part of the company-wide strategy AM2020.

In the coming years, further work will be done to formalize the management of climate related risks and opportunities throughout the entire investment process.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

	Describe
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We have mapped risks for increasing technological developments and improvements through deterministic scenarios in the ALM study.

- Yes, to assess future climate-related risks and opportunities

	Describe
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See question 13.4 for an elaborate discussion on climate change scenario analysis undertaken.

- No, not to assess future ESG/climate-related issues

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

APG works with pie-charts to score asset classes on various characteristics (e.g. return, risk, diversification, interest rate hedge and inflation hedge factors, costs, complexity and liquidity). In response to client request, APG has also developed a pie-chart characteristic for responsible investment and applies this to all asset classes. APG Fiduciary Manager developed a methodology that provides insights into the potential of asset classes to contribute to the objectives of the sustainable and responsible investment policies of our clients. These results are included in the review of the Strategic Investment Plans.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

In 2018, we have mapped climate risks and opportunities in the portfolio by using scenario analysis. We have used both a 'business-as-usual' scenario and a '2-degrees' scenario. On a sector level, we have assessed the most significant climate factors, and how these may impact on growth and cost levels in the sector. We have done this for 26 economic sectors covering roughly half of the portfolio, using the time horizons 2022 - 2030 - 2040.

The image that arises from this analysis is that the effects of climate change are large and comprehensive in 2040. In the run-up to 2040, the transition is gradual for a global and diversified portfolio such as APG's portfolio. However, the transition can be accompanied by disruptive changes and unexpected inflection points that we will have to monitor closely.

Before 2030, we see major transitions already taking place in the 2-degree scenarios, with corresponding risks and opportunities, in particular for the following sectors: utilities, real estate, cement, oil & gas, aerospace, food and consumer goods, automotive, semi-conductors and electrical equipment, agriculture, chemicals and the construction sector.

Sectors that are especially vulnerable, but also show opportunities, for the physical impact of climate change are in particular: agriculture, forestry, real estate, oil & gas, food processing, road and rail transport, mining, utilities, health care, construction and water utilities.

Apart from mapping the sector effects, we have also included climate factors in the macro-economic models that have been used in the strategic investment plan. Two scenarios in particular ('the climate trap' and 'good globalization') have included the possible effects of climate change for growth, inflation and other economic variables.

- Incorporation into investment analysis

	Describe
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As part of our active, long-term approach to investing, portfolio managers integrate climate factors into their investment processes, Some examples are: Accounting for carbon pricing, reduced volumes of fossil fuels and other financial impacts in investment cases, e.g. a 15% annual reduction in coal transport for investments in US rail transport companies.

- In illiquid asset classes, an investment rationale focused on next-generation assets. Long-term risks are included in due diligence and subject to sign-off by the GRIG team.
- Analysis of companies' transition strategies and capex plans, particularly in transition sectors such as oil& gas and automobiles.

Inform active ownership

	Describe
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For many years APG has been engaging with companies on climate change and the energy transition. The scenario analysis has highlighted climate related risks and opportunities in other sectors which are perhaps less obvious, such as food and agriculture. These insights will be used in our further engagement with companies and investments on the impacts of climate change.

Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

	specify
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Risk Management

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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Depending on the specific investment strategy, the time horizon of the investment is shorter than the time horizon used in the scenario analysis (up until 2040).

No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

- political action and global collaboration
- Other, specify(2)
 - None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	000	000	000
Currency	EUR				
Assets in USD		5	704	465	659

Specify the framework or taxonomy used.

This reflects a target exposure to renewable energy. No specific framework of taxonomy is used.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

- Overall energy exposure of the portfolio, climate dashboard with 25 indicators indicating speed of the low-carbon transition
- None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

APG and its clients have signed the Montreal Pledge and as such we are committed to measuring publicly disclosing the carbon footprint of our investment portfolios on an annual basis.

APG and our clients are committed to TCFD-style reporting and in the 2018 Responsible Investment Report we have published an annex containing TCFD disclosures.

Together with a group of other Dutch Financial Institutions (PCAF) we have contributed to writing a report about approaches to carbon footprinting in various asset classes. The way we calculate our carbon footprint for the Listed Equity portfolio is largely compatible with the PCAF report. This report is available via <http://www.carbonaccountingfinancials.com/>

SG 14.5 Additional information [Optional]

Apart from the tools described in SG 14.3, we are tracking a set of 25 indicators to gain insight in the speed of the transition to a lower-carbon economy. Examples of indicators that are tracked are: oil and gas demand, investment in renewable energy, consumption of animal protein, number of EV's etc.

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To achieve desired exposure to climate-related opportunities	Exposure (NAV) to renewable energy	The total NAV of investments that have exposure towards renewable energy
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Achieve reduction of carbon footprint (is taken into account in investment decision)	Absolute emissions / Normalized Invested Value	The absolute carbon footprint is defined as the share (equity stake) of APG in the scope 1+2 emissions of the companies in which is invested. The denominator is invested value. We correct the invested value to avoid the impact of large changes in market value of the portfolio as well as client allocation decisions on our carbon footprint.
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Monitor climate/energy exposure of portfolio	NAV exposure to various energy sources (e.g. coal, oil, gas, renewables) / NAV of energy investments	Metric applies to the energy investments only. The metric is based on a look-through analysis of the portfolio. Where relevant data is available, we have further split up our position within companies towards the various fuel sources (e.g. in integrated Oil & Gas or Utilities)

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2015	2020	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2015	2020	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

	Please describe
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The portfolio managers and sector specialists of the various investment strategies are primarily responsible for managing of climate related risks and capturing opportunities, as there the specific knowledge is available on how climate change can impact investments. As part of the investment analysis and risk management, climate change risks are addressed in the short, medium and long term. APG's GRIG team has a coordinating role, including dedicated resources and managerial responsibility to further the climate change agenda across the organization, as part of the company-wide strategy AM2020. The insights from climate scenarios can raise points of attention and priorities for further analysis. Therefore, the portfolio managers are the so-called first line of defence within the risk management framework.

With the climate scenario analysis, APG has made steps to further integrate climate change also into the so-called second line of defence. The traffic light model and the dashboard are available for management teams and the risk management department of APG, as well as to our clients. In the coming years, work will be done to further integrate climate change into the second line of defence function.

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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- Yes

	Please describe
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APG is in active dialogue with companies around TCFD adoption. We do this amongst others in the collaborative Climate 100+ engagement. In 2018, we have been able to achieve success in our dialogue with Shell, and the company will make their long-term carbon footprint reduction ambitions more concrete by setting short/medium term targets and including these in executive compensation. In 2018 we also achieved in our dialogue with Nestlé that the company committed to TCFD reporting.

- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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16

SG 15.3

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

15

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

APG actively seeks out attractive investments that deliver products and services that contribute to the UN SDGs (so-called Sustainable Development Investments). For this purpose, we denote the investments contributing to SDG 7 - Affordable & Clean Energy.

- Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

13

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

APG actively seeks out attractive investments that promote sustainability such as renewable energy. We measure our investments in renewable energy and clients have established a target to increase the exposure to Renewable Energy investments to €5 bln in 2020.

- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

50

- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

APG considers Real Estate investments with a 4 & 5 star rating in the GRESB model as Green building portfolios/investments.

- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry

% of AUM

100

- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

Our forestry investments have to meet minimum requirements addressed by standards of the FSC or a comparable forestry certification scheme.

- Sustainable agriculture

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Farmland

% of AUM

100

- Inclusive finance
- Other (1)

Brief description and measures of investment

All of our farmland investments adhere to the Responsible Farmland Principles. In addition, all of our farmland managers have signed a zero-conversion policy.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

- 1
- Infrastructure
 - Commodities
 - Forestry
 - Farmland
 - Inclusive finance
 - Other (1)

Brief description and measures of investment

As part of a client target to contribute to education, we measure education related investments in real estate and infrastructure. A large part of these investments are in student education and school infrastructure.

- Global health

Asset class invested

- Listed equity

% of AUM

7

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

APG actively seeks out attractive investments that deliver products and services that contribute to the UN SDGs (so-called Sustainable Development Investments). For this purpose, we denote the investments contributing to SDG 3 - Good Health & Wellbeing

- Water
- Other area, specify
communication technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

10

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

As part of a client target to contribute to education, we measure communication technology related investments in infrastructure.

No