WHAT MAKES GOVERNANCE SYSTEM WORK

Y.K. Park
Head of Global Responsible Investment & Governance APAC
APG Asset Management Asia

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Robust Regulatory Framework

- Shareholders meetings—being regarded as core
- Board's discretionary power—not too dominant
- Investors participation in regulatory consultation process—robust
- Financial reporting—fair, transparent, robust
- Class actions / derivatives actions—feasible

Reasonable Management & Functioning Board

- Management / Controlling shareholders—

(1) Highly mature; (2) Genuinely respect board; (3) Have robust succession planning; (4) Recognize corporate responsibilities in the society

- Boards—

(1) Aware of roles/ responsibilities;
(2) Independence, expertise, diversity;
(3) Dialogue with shareholders;
(4) Robust board debate and discussions

- Professional Integrity
- Accountability
- Goodwill
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Fair Market Mechanism / Practices

- Fair disclosure
- Fair Takeover related practices
- No discriminative rules

Active Shareholders

- Strong alignment of interests
- Clear management of conflicts of interests
- Active asset owners with mature voice
- Independence/ stewardship—well respected and imbedded in market culture

GOVERNING STRUCTURE

Of responsible investment at APG

POLICIES

- *Dutch Corporate Governance Code*
- *Dutch-version of Stewardship Code*
- *OECD Corporate Governance Guidelines*
- *Each market's listing rules / governance codes / stewardship codes*
- *UN Global Compact*

- *UN Security Council—arms embargo list (including nuclear weapon)*
- *Dutch laws/regulation on the manufacture of landmines, cluster ammunition and their firing systems, or chemical or biological weapons*

- *Client ambitions*

- ❑ *APG Responsible Investment Policy*
- ❑ *APG Corporate Governance Framework*
- ❑ *APG Voting Policies*
- ❑ *APG Voting Guidelines*
- ❑ *APG Exclusion Policy*
- ❑ *APG Inclusion Policy*
- ❑ *APG Engagement Protocol*
- ❑ *APG High Risk Country Framework*

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…AND CLIENT'S AMBITION

Climate Change

Reduction in CO_2 footprint of equity portfolio by 25% in 2020

- 25%

Investments that contribute to a better and cleaner future: from €29 billion to €58 billion in 2020

+ €29 bn

Including investments in renewable energy: from €1 billion to €5 billion in 2020

+ €4 bn

Extra-engagement priorities

Safe working conditions

Textiles
Shipbuilding
Infrastructure

Respect Human rights

Textiles
ICT
Energy
Cobalt

Ban Child labor

Cocoa
ICT
Cobalt