

Sustainability-related information

Product name: PVF Particuliere Hypothekenfonds (Achmea Dutch Residential Mortgage Fund)

Legal entity identifier (LEI): N/a

1. Summary

Achmea Dutch Residential Mortgage Fund (the Fund) promotes environmental and social characteristics and takes these into account when investing in mortgages. Under European sustainability legislation, more comprehensive information must be provided on the sustainability characteristics of investments. This document provides information on the sustainability characteristics, the investment strategy, the monitoring of environmental and social characteristics and how these are monitored, the methodologies for measuring the sustainability indicators, the data applied for this purpose, the limitations of these data and, lastly, the application of the environmental and social characteristics in the due diligence policy.

2. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

3. Environmental or social characteristics of the financial product

The Fund encourages clients to make their homes more sustainable and adopt energy-saving measures so as to have mortgages in the portfolio that relate to energy-efficient homes.

The Fund also aims to achieve a financially sustainable housing situation for its mortgage clients. This objective is implemented by supporting clients if major changes occur in their financial situation.

4. Investment strategy

Syntrus Achmea chooses to make investments that offer both financial and social returns. Sustainable investing concerns people, the environment and society. Investing in mortgages is the best way for us to achieve a stable, long-term financial return combined with social impact for our clients and minimal risk. Our ESG policy is a major part of our long-term strategy. Together with our stakeholders, we are working towards a sustainable future.

The ESG policy is aimed at encouraging sustainability in the mortgage portfolio. We engage with consumers to encourage them in making their homes more sustainable. We do this by informing consumers about including financing for sustainability upgrades in their mortgage. In this way, we contribute to reducing climate-related risks, achieving the goals of the climate agreement, and limiting global warming.

We are also mindful of the social aspect. If a client is in arrears, we help them find a viable solution and act in their interest with retaining their home as the goal. This helps the client gain insight and control over their financial situation and financial future. We make efforts to prevent payment problems through analysis and preventive client contact based on the Dutch Authority for the Financial Markets (AFM) guideline. For example, it is possible to offer an interest-rate averaging to meet their mortgage payments and avoid foreclosure or to restructure their mortgage. We also offer the option of using a budget or job coach. The goal is retaining the home wherever possible.

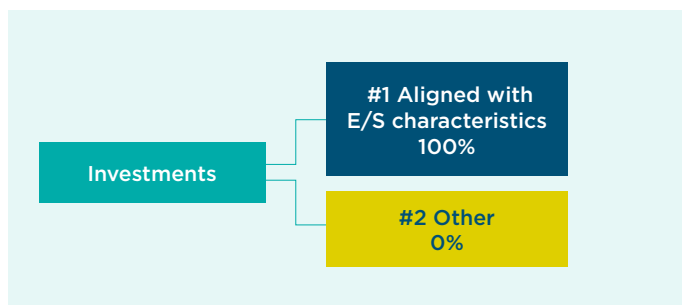
Good corporate governance is especially relevant to corporate investment. The Fund invests in mortgages. Consequently, the policy to assess good corporate governance practices of the investee companies has not been explained.

5. Proportion of investments

The portfolio's investments consist exclusively of mortgages. These mortgages fall under one of the two categories below:

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the other investments of the financial product that are not aligned with the environmental or social characteristics and also do not qualify as sustainable investments.



6. Monitoring environmental or social characteristics

The following indicators will be reported on to measure the extent to which mortgages on energy-efficient homes have been achieved within the Fund:

- Distribution of the energy labels
- Average carbon emissions per home

The following indicator will be reported on to measure the social characteristic of the Fund:

- The number of clients assisted with challenges in their financial situation broken down by use of a job coach, budget coach or assistance from the Special Credits department.

Data are continuously updated to measure the sustainability indicators. The control mechanisms used for this purpose are described in section 8.

7. Methodologies

In relation to the distribution of energy labels, energy label measurement is outsourced to Calcasa, a supplier/organisation that provides a breakdown of registered and, if unavailable, calculated energy labels on a quarterly basis. Calcasa uses a system based on NTA8800 to provide the energy label if it is unavailable.

The average carbon emissions of each home are measured based on consumption data from grid operators. The consumption data can then be converted into carbon emissions.

The Special Credits department keeps updated records about which clients are assisted. Assistance is identified when a consumer contacts Syntrus Achmea, or when Syntrus Achmea contacts the consumer to discuss their financial situation. The need for assistance through a job coach, budget coach, or general assistance through the Special Credits department is discussed with the consumer. Assistance from the Special Credits department may come in the form of interest-rate mediation or mortgage restructuring.

8. Data sources and processing

The data sources involved, the measures to ensure data quality, how the data are processed and the proportion of data that are estimates, if any, are described for each indicator.

Distribution of the energy labels

Energy labels are based on finally registered labels at the Netherlands Enterprise Agency (RVO). Provisional energy labels and an estimate of the energy label under the new methodology (NTA8800) are also used.

The data are grouped and classified by label quality. We distinguish three categories, listed below in order of increasing quality:

1. Calculated labels. Calcasa can calculate the energy label based on the known characteristics of the collateral property. This method corresponds roughly to the provisional energy labels method used until 2020.
2. Final labels self-reported by the owners as final. If sustainability measures are to be taken into account, the owner must prove that these measures have actually been implemented. This can be done through photographs, invoices and so on.
3. Final labels determined on site by an independent consultant.

Approximately half of these energy labels are provisional energy labels estimated on the basis of the characteristics of the home known at the RVO.

Average carbon emissions per home

The data comes from grid operators. Internal screening is performed for data quality and plausibility.

The most important data are the actual consumption as described above. The quality of the carbon emissions calculation depends greatly on the quality of the data. In this report, we only have access to the actual consumption of each cluster. This relates to safeguarding the privacy of the owners whose energy consumption data have been provided. No information is available at address level. Nevertheless, these data can be used to properly determine the portfolio's carbon emissions.

Besides the actual consumption, emission conversion factors are needed to convert kilowatt hours of electricity and cubic metres of gas into carbon emissions. These emission factors are published annually on www.co2emissiefactoren.nl. This site with carbon emission factors is an initiative by Milieu Centraal, Stimular, SKAO, Connekt and the Dutch central government. A broad panel of experts updates the published list every year based on the latest insights.

These emission factors apply for the following years:

	2020	2021
Gas	1.785	1.788
Electricity	0.405	0.369

To arrive at the portfolio total, the following formula is used, with summation of all the collateral properties:

$$\text{CO}_2 \text{ portfolio} = \sum \text{gas energy consumption} \times \text{emission factor} + \sum \text{electricity energy consumption} \times \text{emission factor}$$

Determining carbon emissions is an approximation based on aggregated data and model-based conversion, through emission factors, to carbon emissions.

The number of clients assisted with challenges in their financial situation broken down by use of a job coach, budget coach or assistance from the Special Credits department.

The Special Credits department keeps track of how many clients use assistance (budget coach, job coach, other measures). This is kept up to date based on periodic contact with customers and changes in their situation are updated.

The Special Credits department keeps track of this in its own internal administration system. No further processing occurs in other systems.

9. Limitations to methodologies and data

Limitations to methodologies and data exist both for calculating energy labels and carbon emissions. Energy labels are not final for all homes. In this case, provisional and calculated energy labels are used.

Energy-related carbon emissions are requested from the grid operators to which most homes are connected. Assumptions and models are used for calculating carbon emissions. Data are also aggregated, which leads to an approximation.

As the limitations relate mainly to being able to precisely measure the distribution of energy labels and carbon emissions, they do not affect how the Fund encourages sustainability.

10. Due diligence

Because it is not yet opportune to base mortgage selection in the Fund on the extent to which homes are sustainable, the main focus is on measuring energy labels and carbon emissions and encouraging existing mortgage clients to make sustainability upgrades.

When taking out the mortgage, the consultation includes the options of making the home more sustainable and the financing options. The costs of any sustainability upgrades then become part of the mortgage.

11. Engagement policy

Syntrus Achmea cooperates with various parties in issuing mortgages to reduce the adverse impacts on sustainability factors. We undertake various activities to integrate sustainability in this cooperation. Both energy efficiency and carbon emissions play a role in this because there is a strong correlation between these two issues. For example, we make sustainability a topic for discussion at mortgage brokers to take maximum account of the adverse impacts of real estate and mortgages. Mortgage brokers advise consumers on their mortgages and can also provide information on making homes more sustainable.

Our partners' products and services are expected to comply with the purchasing conditions that Syntrus Achmea have set in relation to sustainability.