

Statement on principal adverse impacts of investment decisions on sustainability factors (version 1)

Financial market participant: Achmea Mortgage Funds B.V.
Date: 31-12-2024

Summary

Achmea Mortgage Funds B.V. (Achmea Mortgages) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the principal adverse impacts on Achmea Mortgage Funds B.V.'s sustainability factors.

This statement covers the reference period from 1 January 2023 to 31 December 2023.

As an investment manager, we take account of the adverse impacts of our investments on the planet. That way, we can make a difference for future generations. Based on a long-term ESG strategy, Achmea Mortgages clearly sets out the adverse impacts of its mortgage investments on sustainability factors. Sustainability factors include environmental, social and employment issues, respect for human rights, and combating corruption and bribery.

On 10 March 2021, new European legislation came into force requiring financial market parties to report how they approach sustainability in their investments: the Sustainable Finance Disclosure Regulation (SFDR). The SFDR is being implemented in two phases. For the first-phase obligations,

Achmea Mortgages published information on the adverse impacts of investments on its website on 10 March 2021. The second-phase obligations apply as from 1 January 2023 and Achmea Mortgages published a more extensive version of the 'Statement on principal adverse impacts of investment decisions on sustainability factors' on its website. Before June of each year, this statement will be updated with figures on the adverse impacts of mortgage investments on sustainability factors.

Legislation partly prescribes the principal adverse impacts on sustainability. Achmea Mortgages can also identify additional adverse impacts on sustainability as important and include them in this statement.

Although legislation does not prescribe the principal adverse impacts for mortgage investments as an asset class, the principal adverse impacts for real estate investments are prescribed. For this reason, some important adverse impacts of real estate investments are applied to mortgages, including exposure of real estate to fossil fuel activities, exposure to energy-inefficient real estate and greenhouse gas emissions. We discuss the choice of these adverse impacts and the specific and other actions we take to reduce the principal adverse impacts in more detail below.

The indicators are shown for the Syntus Achmea mortgages from Particuliere Hypothekenfonds (ADRMF), Centraal Beheer Leef mortgages from Achmea Dutch Mortgage Fund and Attens mortgages.

Description of the principal adverse impacts on sustainability factors

INDICATORS APPLICABLE TO INVESTMENTS IN MORTGAGES

Adverse sustainability indicator		Metric	Impacts 2022	Impacts 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels.	1. Exposure to fossil fuels through real estate assets.	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.			As Achmea Mortgages invests exclusively in mortgages for residential properties, there will be no exposure to fossil fuel activities.	It will keep exposure to fossil fuels limited by not investing in mortgages for properties involved in the extraction and manufacturing process of fossil fuels. It cannot be ruled out that this is done without consent of the originator.
	2. Exposure to energy-inefficient real estate assets.	Share of investments in energy-inefficient real estate assets.	63%	61%	<p>The energy efficiency of the investments is already made transparent by the collateral’s energy label (if built before 2021). Real estate constructed more recently must meet the BENG2 (Almost Energy-Neutral Building) standard.</p> <p>The legislation has determined that real estate objects with an energy label of C or lower are classified as energy-inefficient.</p> <p>For properties built after 2021, it is assumed that they are considered energy-efficient real estate.</p>	<p>The energy efficiency of underlying collateral of residential real estate is a key part of the ESG strategy. But Achmea Mortgages relies heavily on the homeowner to increase the energy efficiency.</p> <p>Achmea Mortgages encourages consumers to make their homes more sustainable by providing insight into sustainability options and allowing them to finance these upgrades through their mortgage.</p> <p>One mortgage portfolio also offers discounts for making certain home improvements that lead to a improved energy label.</p>

ADDITIONAL CLIMATE AND OTHER ENVIRONMENTAL INDICATORS FOR MORTGAGE INVESTMENTS

Adverse sustainability indicator		Metric	Impacts 2022	Impacts 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions.	1. GHG emissions.	Scope 3 GHG emissions generated by real estate assets.	130 ton CO ₂	114 ton CO ₂	<p>Scope 3 carbon emissions from properties are reported on the basis of energy consumption data provided by network managers.</p> <p>Scope 3 carbon emissions are emissions generated by the homeowner.</p>	<p>As there is a strong correlation between greenhouse gas emissions and the energy efficiency of mortgaged properties, explaining this and encouraging reductions is part of the ESG strategy.</p> <p>By continuing to encourage homeowners to make sustainability upgrades to their homes, energy efficiency improvements can be achieved, which can in turn reduce carbon emissions.</p>

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Legislation prescribes no additional indicators for social themes in respect of investments in real estate assets and mortgages.

Policy

Achmea Mortgages has an ESG strategy that sets out our vision, requirements and ambitions regarding sustainability for the mortgage investments. Achmea Mortgages invests in minimizing the impact of the built-up environment on climate change and is dedicated to creating a livable environment. Achmea Mortgages’ Executive Board approved the ESG strategy on 14 October 2024.

Policy implementation

We take the ESG strategy priorities into account when considering investments. Based on the ESG strategy, for example, our portfolio managers apply various ESG targets to the portfolios they manage and include these targets in the portfolio plans. The portfolio plans are reviewed annually and form the basis for the strategy by which the funds and portfolios are managed. Portfolio plans are coordinated with Achmea Mortgages’ clients. The relevant clients also receive periodic reports on how the strategy has been implemented.

Selection, identification and assessment of principal adverse impacts

Achmea Mortgages’ ESG strategy focuses on several themes that are important for a sustainable mortgage provider. As a sector, real estate has a major impact on the environment, generated, among other things, by carbon emissions and thus climate change. Climate change has been identified as a principal theme in the ESG strategy. Carbon emissions and energy labels (as a method to estimate the sustainability of real estate) are thus key indicators for understanding the impact of real estate on the climate. The measurability of climate-related issues ensures that the adverse impacts of real estate can be specified and monitored over the long term. The importance of climate change has also been recognized in the international context in the form of the Paris Climate Agreement, which the Dutch government adopted and signed in 2015. The government, market players and civil society organizations made arrangements in the Dutch Climate Agreement of 2019. The built environment is one sector in respect of which arrangements have been made to reduce carbon emissions.

Data sources used

We measure the energy efficiency and scope 3 carbon emissions of our mortgage portfolios. We collect, monitor and analyse these data to reduce the adverse impacts of mortgages on the climate.

- Final (independently assessed or self-certified) and provisional energy labels are mainly used to determine the energy efficiency of the entire mortgage portfolio.
- Energy consumption data are used to calculate the scope 3 carbon emissions. These data are requested from the major network managers.

Engagement policy

Achmea Mortgages cooperates with various parties in issuing mortgages to reduce the adverse impacts on sustainability factors. We engage in various activities to integrate the sustainability aspect in this cooperation. Both energy efficiency and carbon emissions play a role in this because there is a strong correlation between these subjects.

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 their homes more sustainable. Our partners’ products and services are also expected to comply with the purchasing conditions that Achmea Mortgages have set in relation to sustainability.

References to international standards

SUSTAINABLE INVESTMENT STANDARDS

In 2011, Achmea Mortgages signed and reported on the United Nations Principles for Responsible Investment (UN PRI). The UN PRI is the world’s leading standard on responsible investment based on international treaties aimed at institutional investors. It is a list of six voluntary, ambitious principles that offer several possible measures for incorporating ESG aspects in investment practice.

GLOBAL TARGETS RELATING TO CLIMATE, ENVIRONMENTAL AND SOCIAL GOALS

Achmea Mortgages’ ESG strategy objectives are linked to 5 of the United Nations’ 17 Sustainable Development Goals (SDGs). Examples of our ESG objectives include reducing our carbon footprint, introducing climate adaptation measures, improving the quality of life in neighbourhoods, paying attention to the welfare of our tenants and focusing on affordable housing for specific target groups.

CLIMATE CHANGE

Achmea (Achmea Mortgages’ parent company) signed the Dutch Climate Agreement in 2019. This Climate Agreement elaborates the Paris Climate Agreement at national level. By signing this agreement, we express our commitment to the goals of this Climate Agreement. The energy efficiency and carbon emissions of the portfolio are metrics against which the feasibility of the Climate Agreement goals can be measured. Forward-looking climate scenarios are not currently used to determine the feasibility of the Climate Agreement. As Achmea Mortgages relies heavily on the homeowner to raise the energy efficiency of mortgages, pursuing feasibility poses a challenge.

Historical comparison

Achmea Mortgages will report on the principal adverse impacts on sustainability factors each year. A historical comparison of the reported indicators will be included in this statement. The statement was first published in this format in early 2023.