

Sustainability-related information (Version 1)

Financial market participant: PVF Particuliere Hypothekenfonds (Achmea Dutch Residential Mortgage Fund)
Date: 31-12-2024

1. Summary

The Achmea Dutch Mortgage Fund (the Fund) promotes environmental and social characteristics and incorporates these factors into its mortgage investment strategy. In accordance with European sustainability legislation, more detailed information must be provided regarding the sustainability characteristics of investments. This document outlines the sustainability characteristics, investment strategy, monitoring of environmental and social factors, methodologies for measuring sustainability indicators, the data utilized for these purposes, the limitations of such data, and the application of environmental and social characteristics within the due diligence policy.

2. No sustainable investment objective

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

3. Environmental or social characteristics of the financial product

The Fund encourages clients to enhance the sustainability of their homes and implement energy-saving measures, ensuring that the mortgages in its portfolio are linked to energy-efficient properties.

Additionally, the Fund aims to create a financially sustainable housing situation for its mortgage clients. This objective is achieved by providing support to clients in the event of significant changes in their financial circumstances.

4. Investment strategy

Achmea Mortgages is committed to making investments that provide both financial and social returns. Sustainable investing encompasses considerations for people, the environment, and society. Investing in mortgages enables us to achieve stable, long-term financial returns while generating social impact for our clients with minimal risk. Our ESG policy is a fundamental component of our long-term strategy, and we are collaborating with our stakeholders to work towards a sustainable future.

The ESG policy focuses on promoting sustainability within our mortgage portfolio. We actively engage with consumers to encourage them to make their homes more sustainable. This includes informing them about financing options for sustainability upgrades as part of their mortgage. Through these efforts, we contribute to reducing climate-related risks, supporting the objectives of the climate agreement, and limiting global warming.

We also prioritize the social dimension of our operations. In cases where clients experience payment arrears, we assist them in finding viable solutions, always aiming to retain their homes. This approach enables clients to gain insight and control over their financial situations and futures. We strive to prevent payment issues through proactive analysis and client outreach in accordance with the guidelines set by the Dutch Authority for the Financial Markets (AFM). For instance, we may offer interest-rate averaging to help clients meet their mortgage obligations and prevent foreclosure, or we may restructure their mortgage. Additionally, we provide options for accessing budgeting or job coaching services, with the overarching goal of retaining homes whenever possible.

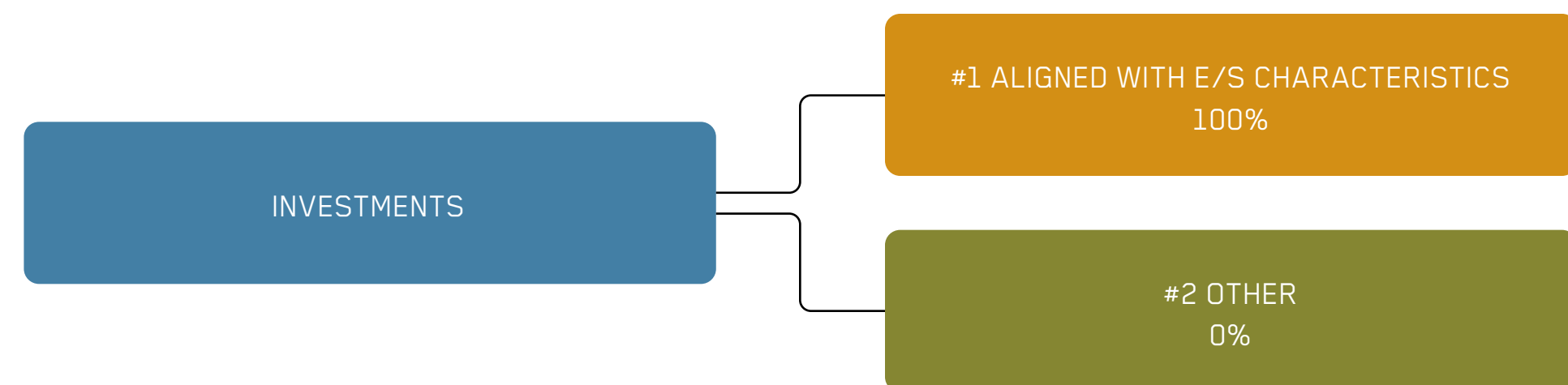
Good corporate governance is particularly important in corporate investment. As the Fund invests in mortgages, we recognize the need to assess the corporate governance practices of the companies in which we invest, although this policy has not been detailed in this document.

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 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, the measurement of energy labels is outsourced to Calcasa, an organization that provides a detailed breakdown of registered energy labels and, in cases where these are unavailable, calculated energy labels on a quarterly basis. Calcasa employs a system based on NTA8800 to generate the energy label when it is not readily available.

The average carbon emissions of each home are assessed using consumption data from grid operators. This consumption data is then converted into estimated carbon emissions.

The Special Credits department maintains up-to-date records of clients who are receiving assistance. Assistance is identified either when a consumer reaches out to Achmea Mortgages or when Achmea Mortgages proactively contacts the consumer to discuss their financial situation. The necessity for support, whether through a job coach, budget coach, or general assistance from the Special Credits department, is discussed with the consumer. Support from the Special Credits department may include options such as 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:

	2022	2023
Gas	1.782	1.779
Electricity	0.29	0.27

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

$$CO_2 \text{ portfolio} = \sum \text{gas energy consumption} \times \text{emission factor} + \text{electricity energy consumption} \times \text{emission factor}$$

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

Achmea Mortgages collaborates with various parties in the issuance of mortgages to mitigate the negative impacts on sustainability factors. We engage in a range of activities to integrate sustainability into this cooperation. Both energy efficiency and carbon emissions are key considerations, as there is a significant correlation between these two issues. For instance, we prioritize sustainability discussions with mortgage brokers to ensure that the adverse impacts of real estate and mortgages are fully addressed. Mortgage brokers not only advise consumers on their mortgage options but can also provide valuable information on how to make homes more sustainable.

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