

Sustainability-related information

Product name: Achmea Dutch Residential Fund

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Legal entity identifier (LEI): N/A

1. Summary

The Achmea Dutch Residential Fund (the Fund) is an Article 8 product promoting both environmental and social characteristics. This document provides information on the sustainability characteristics, the investment strategy, the means of monitoring the environmental and social characteristics, the methodologies to measure the sustainability indicators, the data used for this measurement with the limitations of these data and, lastly, the translation of the environmental and social characteristics into 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.

Some of the properties in which the Fund invests contribute to an environmental objective by being energy efficient. Besides aiming for some of the properties in the portfolio to contribute to a sustainable investment objective, it must be ensured that properties do not harm other sustainability topics. When real estate is being used, it can have adverse impacts on the climate, particularly through energy consumption.

The adverse impacts of the properties on the environment determine whether a property is sustainable. This is determined using the following indicators for adverse impacts prescribed by European sustainability legislation:

- Exposure to fossil fuel activities (such as the extraction, storage, transportation or production of fossil fuels);
- Energy efficiency of real estate (for real estate built before January 2021, the property must have at least an energy label B. For real estate built after December

2020, the limit is that the maximum primary energy consumption must be equal to or lower than the BENG2 (Nearly zero-energy buildings) standard), and;

- Optionally selected indicators are energy consumption and CO₂ emissions.
We measure these indicators periodically and pursue a CO₂ reduction target at portfolio level.

As for whether the sustainable investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, these are particularly applicable to corporate investment. As the portfolio invests in real estate, the investments are not aligned with these international standards.

3. Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics by investing in future-proof residential real estate where financial and social returns go hand in hand.

The Fund specifically focuses on properties that are future-proof from an environmental perspective by:

1. aiming for as much real estate as possible in the portfolio with at least energy label A, with the exception of residential properties to be sold as individual units; and
2. achieving a reduction in CO₂ emissions.

From a social perspective, the Fund focuses on real estate that is attractive and contributes optimally to quality of life. The focus here is on:

3. tenant satisfaction; and
4. housing affordability.

It also focuses on high-quality property and sustainable portfolio management. Efforts are thus made to continuously improve the sustainability policy and sustainability performance of the real estate portfolios compared to similar real estate portfolios in the market through the Global Real Estate Sustainability Benchmark (GRESB). Although this is not a reference benchmark as defined in European legislation, this assessment is used to achieve and understand the environmental and social characteristics promoted by the Fund.

4. Investment strategy

The investment strategy is described in the portfolio plan. Besides achieving financial returns, the Fund also has social return objectives. For this purpose, the Fund has drawn up an ESG strategy that is used to weave environmental and social characteristics into the Fund's investment policy.

The objectives set out in the investment strategy are pursued through three ESG impact objectives: (1) addressing climate change, (2) focusing on the health and well-being of tenants, and (3) increasing inclusivity in the property market. The goals are tracked through a number of key performance indicators. These include the reduction of CO₂ emissions, the acquisition of mid-market rental properties and initiatives to improve tenant satisfaction. The fund is committed to these objectives on an ongoing basis. This social investment strategy is applied throughout the investment process. The Fund's

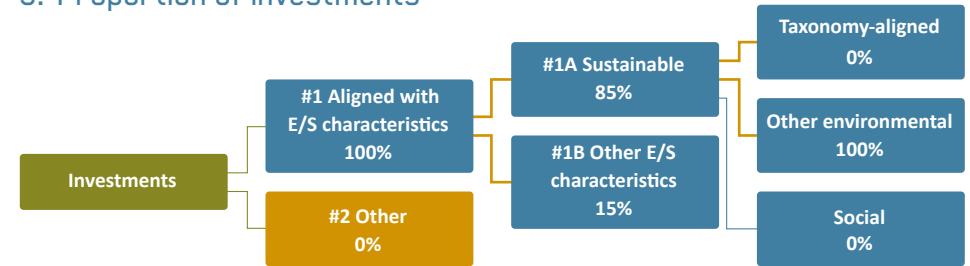
environmental and social characteristics are complied with in two ways: first, by selecting properties that match the environmental and social characteristics, and second by making existing properties in the portfolio perform better based on the environmental and/or social characteristics. Specifically, this means looking at the sustainability performance of new and existing real estate, such as the energy label to be achieved, the BENG standards, natural gas-free real estate and climate risks.

Privatization

Privatization is selling individual homes that were previously rented out. The strategy can be used when selling houses and apartment complexes, where each apartment or house is marketed separately. The property can be sold to the sitting tenant, or sold into the private owner-occupied housing market upon relocation. In this last approach a residential complex is sold as a whole to another investor.

The decision to privatization is based on our annual hold-sell analysis. If the expected IRR of the property is lower than the required return on site, then it's time to consider whether to sell. If the asset manager sees opportunities to improve, for example by adding value through making the property more sustainable resulting in a higher value and market rent at relocation, then this can be chosen. If that is not possible, or sustainability does not improve future returns and risk, the property is sold.

5. Proportion of investments



The portfolio's investments consist of real estate, just periodically there is a small amount of cash present in the fund. This cash share is such a small amount that the classification in the image above only consists of the real estate objects in the fund, without the periodically present small cash share.

The properties are divided into 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 in line with the binding elements of the investment strategy. Objects for which a privatization strategy is in place, are excluded.
- #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.

The **#1 Aligned with E/S characteristics** category consists of:

- **Sub-category #1A Sustainable** covers sustainable investments with environmental or social objectives. These are sustainable investments that contribute towards an environmental objective and fall under the 'Other environmental' category. Objects for which a privatization strategy is in place, are excluded.
- **Sub-category #1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. The remainder of the portfolio does not qualify as sustainable.

6. Monitoring environmental or social characteristics

Several sustainability indicators are used to measure the environmental and social characteristics of the Fund. Monitoring these characteristics and their application in portfolio management is described below for each sustainability indicator.

1. The distribution of the energy labels in the portfolio

Energy labels are prepared by an independent and certified party and registered in Achmea Real Estate's internal system. The methodology for establishing energy labels will be NTA 8800 as of January 1, Energy labels are made transparent and monitored in both portfolio selection and management. The Fund focuses on higher energy labels by preparing sustainability proposals and performing sustainability upgrades on selected properties with lower energy labels. In some cases, it also disposes of real estate without a green energy label. Other arguments generally prevail here (location, forward IRR, competition) for withdrawing the properties from the portfolio. Each sustainability

upgrade starts with an investment proposal, which explains and assesses the technical and commercial aspects. An energy label report is drawn up each quarter. The distribution of energy labels is included in the quarterly report and compared with the defined KPI from the portfolio plan.

2. Carbon emissions per m² of the portfolio compared to the CRREM standard set for the portfolio

INNAX manages a CO₂ dashboard for the property portfolios in which the data is entered annually. This shows how the CO₂ emissions in a given year compare with the CRREM standards and the base year. Portfolio energy data is collected annually by INNAX. Data comes from smart meters, grid operators, tenants and property managers. The energy data is then converted by INNAX into a carbon footprint. Monitoring is through a CO₂ Dashboard into which the actual energy and CO₂ data is entered annually. The CO₂ Dashboard shows whether the portfolio is performing above or below CRREM pathways and the established CO₂ reduction target. This is reported annually to investors. An independent, external party verifies the CO₂ data each year.

3. The percentage of affordable rental properties in the portfolio

The portfolio plan describes the extent to which there is a focus on acquiring properties in a specific rent segment and in a specific region. Each acquisition is assessed against the principles set out in the portfolio plan. Acquisitions of social or affordable mid-market rental homes are also considered. The Fund aims to increase the percentage of affordable homes in its portfolio. The annual rent increase also complies with current

legislation, while we look in the deregulated part of the portfolio at feasible and desirable rent increases at front-door level, aligned with the local market. At portfolio level, we then consider whether the rent segmentation is still consistent with what is included in the target portfolio. This is reported on in the quarterly report.

4. Tenant satisfaction with housing

A tenant satisfaction survey is conducted each year and the Fund's score is determined based on several items. An independent party conducts this survey at several Dutch institutional real estate investors, which also makes it possible to benchmark the results.

5. GRESB score

The Fund participates in the GRESB Real Estate Assessment each year. GRESB determines the score based on the supplied data. The Fund's GRESB score is analysed annually.

7. Methodologies

The methodologies for measuring whether the environmental and social characteristics of the Fund are achieved, are described below for each sustainability indicator.

1. The distribution of the portfolio's energy labels

An independent and certified party prepares the energy labels and registers them in Achmea Real Estate's internal system. Since 1 January 2021, the methodology for establishing energy labels has been NTA 8800.

2. Carbon emissions per m² of the portfolio compared to the CRREM standard set for the portfolio

INNAX manages a CO₂ Dashboard for the real estate portfolios in which the data is entered each year. This shows how the carbon emissions in a particular year compare to CRREM pathways and the base year. INNAX collect the portfolio's energy data each year. Data comes from smart meters, grid operators, tenants and property managers. INNAX then converts the energy data into carbon emissions.

3. The percentage of affordable rental properties in the portfolio

The portfolio plan describes the extent to which the focus is on acquiring properties in a specific rental segment and in a specific region. Each acquisition is reviewed against the principles of the portfolio plan. In the deregulated part of the portfolio, we look at feasible and desirable rent increases at the front door level, tailored to the local market. At the portfolio level, we then check whether the rental segmentation is still in line with the target portfolio. This is measured quarterly using the current rent for each property.

New acquisitions should qualify as affordable rent on acquisition and so the average rent of newly acquired properties (which include multiple dwellings) should be a maximum of €1,273.75 per month (price level after 1 July 2024, including new construction surcharge of 10%). This is in line with legal midrent level limits. For existing properties, the WWS point system limit for middle rent as of 1 July 2024 is €1,158.95.

4. Tenant satisfaction with housing

Tenant satisfaction is determined based on an annual tenant satisfaction survey conducted by an external independent party. This survey is done by randomly approaching tenants with an online questionnaire.

5. GRESB score

We participate in the GRESB RE Assessment each year. GRESB determines the portfolio score each year based on data provided through a web portal.

8. Data sources and processing

Indicator	Data sources	Measures to ensure data quality	How the data are processed	The proportion of data that are estimates
1. Distribution of the portfolio's energy labels.	Energy labels are signed-off labels (prepared by an independent, certified party).	A qualified consultant working for a certified company/organisation (in accordance with the BRL 9500 certification scheme) prepares an energy label.	INNAX processes the data.	n/a
2. Carbon emissions of the portfolio (measured in comparison to the CRREM pathways) and the reduction compared to the reference year.	Energy data comes from grid operators (standard annual consumption), district heat suppliers, smart meters, information from property managers and tenants.	An external independent party verifies the data each year.		n/a
3. Percentage of affordable rental properties in the portfolio.	Current contract rents are recorded in Achmea Real Estate's accounts.	Rent affordability is audited internally. Data on rents are also used to track incoming rent payments.	Individual rents for each residential property on unit level result in an rental segmentation for the portfolio. The rent on unit level is determined on the basis of the rent lists provided by the property manager of the properties.	n/a
5. Average tenant satisfaction in the portfolio.	A questionnaire consisting of questions completed by tenants is used for this purpose. The questionnaire has several sections for which separate scores are formulated.	n/a	An external party then processes the responses and calculates the tenant satisfaction score.	n/a
5. <i>GRESB</i> score.	The annual <i>GRESB</i> RE assessment requires questions to be answered at manager, fund and property level. Some questions also require evidence to be provided. <i>GRESB</i> determines the score annually based on the answers and evidence provided. The score partly depends on the Fund's performance compared to similar funds.	<i>GRESB</i> validates the answers and evidence provided. An external independent party then verifies the reported performance indicators.	Achmea Real Estate collects the answers and evidence and posts them in the <i>GRESB</i> Portal. INNAX collects the performance indicators (energy, CO ₂ , water and waste data) and includes them in the <i>GRESB</i> asset-level spreadsheet that is also uploaded in the <i>GRESB</i> Portal.	n/a

9. Limitations to methodologies and data

Carbon emissions are calculated on the basis of energy data. Much of this energy data comes from national grid operators. Standard Annual Consumption (SAC) is also used for this purpose: the expected annual consumption based on a normalised year. SAC data will be generally clustered at property level. Actual consumption may differ from SAC data. Carbon emissions are calculated based on conversion factors for electricity, gas and heat. Measuring actual carbon emissions is impractical. The conversion factors are published annually at www.co2emissiefactoren.nl. This is an initiative by the central government and others to arrive at a widely supported and scientifically substantiated list of emission factors. An independent party verifies these data.

With regard to affordable rent, the limit is currently not determined based on income. Information on the tenant's income is only collected at the time of start of rental and is therefore not kept on record. In addition, challenges currently exist in the market with regard to determining a clear definition of affordable rent. The adopted definition of affordable rent is based on current views in the real estate sector about affordable rent and the definition that Achmea Real Estate has attached to it. Joining this definition ensures the most uniform understanding in the real estate sector. New acquisitions should qualify as affordable rent upon acquisition. As of 1 July 2024, the limit for new-build properties is €1,273.75 (incl. 10% new-build surcharge for 20 years) based on the new Affordable Rent Act and the WWS point system.

Tenant satisfaction is measured using a random sample. Although this is sufficiently representative at portfolio level, it is insufficient in all cases to draw conclusions at building level. Satisfaction in an individual property could therefore differ from the measurement results. Alternative sources are available to assess this impact. One example would be discussing with the property manager the complaints for each property that indicate tenant dissatisfaction each quarter.

Many different data values are reported on to calculate the GRESB score. A key part is the reporting on performance indicators (energy consumption, carbon emissions, water consumption and waste streams). The methodology and limitations concerning energy consumption and carbon emissions are described in the previous section. Collecting water consumption is similar to collecting energy data. These data come from water companies, smart meters, property managers and tenants. Water companies provide clustered consumption data. Waste flow data come from waste companies, property managers and tenants. Waste flows in the residential portfolio can be estimated based on several factors including the number of containers present, their contents and collection frequency.

10. Due diligence

Properties are acquired in the portfolio through an investment proposal. This proposal records all the data relating to the property, including sustainability. The energy label, actual or expected carbon emissions and expected rent of the properties are important and are thus recorded. Along with financial information, we then consider whether the

property aligns with the real estate portfolio's objective. Investment proposals are coordinated with the Fund's investors.

Much of the due diligence happens when properties are already in the portfolio. Relevant sustainability data are continuously recorded and objectives are formulated to optimise sustainability. This is recorded in the portfolio plans that apply for three years and are coordinated with the Fund's investors. Portfolio plans are updated annually. An annual review is done in the interim periods and it is agreed with the Fund's investors whether new sustainability topics should be added to the portfolio plans.

The 'Monitoring environmental and/or social characteristics' section explains how these are dealt with in due diligence for each sustainability topic.

11. Engagement policy

We cooperate with various parties to develop and manage properties. We engage in various activities to integrate the sustainability aspect in this cooperation. Energy efficiency, carbon emissions and energy consumption all play a role in this because there is a strong correlation between these three issues.

For example, we make sustainability a topic for discussion at property managers to take maximum account of the adverse impacts of real estate. Our partners' products and services are expected to comply with the purchasing conditions that Achmea Real Estate have set in relation to sustainability. When property developers develop new real estate,

Achmea Real Estate's 'Schedule of Requirements' forms the basis. This Schedule of Requirements includes the conditions for sustainability.

For several years, the fund manager has been discussing the development of the fund with the initiators of the GREEN platform. This leads to a mutual understanding of the expectations and results of key stakeholders in the real estate investment market.

Sustainability upgrades to properties require coordination with tenants on the sustainability measures and planning of their implementation. Depending on the type of property, the tenants' wishes, approval and dialogue with them about the measures to be adopted are key to achieving sustainability. Besides these sustainability initiatives, we also regularly speak to tenants about their general satisfaction with the property, important developments at commercial tenants, and opportunities for improving various aspects of the property, including sustainability.

12. Designated reference benchmark

Efforts are made to continuously improve the sustainability policy and sustainability performance of the real estate portfolios compared to similar real estate portfolios through the Global Real Estate Sustainability Benchmark (GRESB). Although this is not a reference benchmark as defined in European legislation, this assessment is used to achieve and understand the environmental and social characteristics promoted by the Fund.