

Sustainability-related information

Product name: Achmea Dutch Retail Property Fund

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Legal entity identifier (LEI): N/A

1. Summary

The Achmea Dutch Retail Property 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. However, the principles of the guidelines are endorsed by the Fund. This results in the due diligence screening that is done on all parties before an agreement is concluded. Although not fully in accordance with the OECD guidelines, as the Fund is not formally obliged to do so and the real estate market is complicated with regards to this subject, in the coming years effort will be made on further elaborating policies regarding human rights in the construction chain, from which the Fund's investments arise.

3. Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics by investing in future-proof retail 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 listed buildings; 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.

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

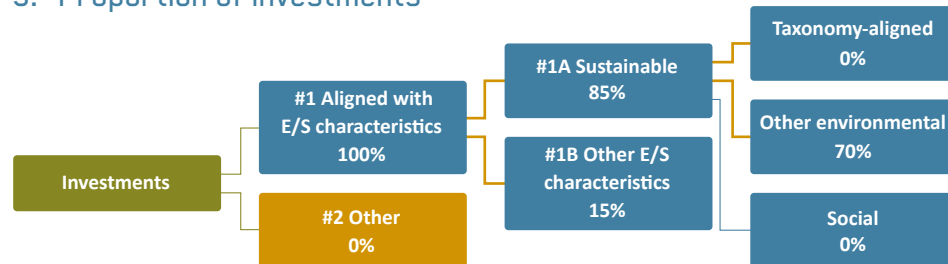
The investment strategy is described in the portfolio plan. The targets formulated in the investment strategy are approached through core objectives. These include reducing carbon emissions, improving energy labels and increasing tenant satisfaction. The Fund continuously pursues these core objectives.

These targets are achieved in two ways: first, by selecting properties that match the environmental and social characteristics, and second by focusing on improving the environmental and social characteristics of the existing real estate in the portfolio.

Besides these core objectives, the Fund also intends to continue developing other activities that contribute to its social and financial return. Examples include paying extra attention to surrounding green areas, biodiversity, social cohesion, indoor climate and safety.

Good corporate governance is especially relevant to corporate investment. The Fund invests in real estate assets. This question therefore does not apply to the Fund. Consequently, the policy to assess good governance practices of the investee companies has not been explained.

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.
- #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.
- **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 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

Reducing carbon emissions is strongly linked to improving energy labels and the way of driving this improvement through sustainable acquisitions and making the existing portfolio more sustainable. Making sustainability upgrades to real estate will not only result in higher energy labels, but also bring about lower carbon emissions. 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. Tenant satisfaction

A tenant satisfaction survey is conducted each year and the Fund's score is determined based on several items. Based on tenant satisfaction, the average result is assessed to see if it is in line with the target. If properties have a low score, the causes are examined with the property manager and improvement plans are drawn up.

4. 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. Which improvements to implement are determined based on the results of this analysis.

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. The labels are registered 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 collects 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. Tenant satisfaction

Tenant satisfaction is determined based on an annual tenant satisfaction survey conducted by an external independent party.

4. 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. 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
4. GRESB score.	The annual GRESB assessment requires questions to be answered at manager, fund and property level. Some questions also require evidence to be provided. GRESB determines the score annually based on the answers, data and evidence provided. The score partly depends on the Fund's performance compared to similar funds.	GRESB validates the answers, data 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 GRESB Portal. <i>INNAX collects the performance indicators</i> (energy, CO ₂ emissions, water and waste data) and includes them in the GRESB asset-level spreadsheet that is also uploaded in the GRESB 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 Dutch government and others to arrive at a widely supported and scientifically substantiated list of emission factors. An independent party verifies these data.

Tenant satisfaction is measured using a survey. Although this is sufficiently representative at portfolio level, it is insufficient in all cases to draw conclusions at property 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 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 comes from water

companies, smart meters, property managers and tenants. Water companies provide clustered consumption data. Waste flow data comes from waste companies, property managers and tenants. Waste flows can also 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.

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.