Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Achmea Dutch Residential Fund **Legal entity identifier:** N/a

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: %	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 85% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: %	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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 CO_2 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.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The following sustainability indicators are used to measure the environmental and social characteristics of the Fund:

1. The distribution of the energy labels in the portfolio
2. Carbon emissions per m2 of the portfolio compared to the CRREM standard set for the portfolio
3. The percentage of affordable rental properties in the portfolio
4. Tenant satisfaction with housing
5. GRESB score

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Real estate can contribute to an environmental objective by being energy efficient and having low carbon emissions. In that case limited natural resources are required and this contributes to the mitigation of climate change. This is determined for each real estate property based on the energy label. When a real estate property has energy label A or higher, it contributes to the objective to mitigate climate change.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Besides aiming to contribute to a sustainable investment objective for some of the properties in the portfolio, it must be ensured that properties do not harm other sustainability topics. Real estate can have adverse impacts on the climate, particularly through carbon emissions.

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 December 2020, the property must have at least an energy label B and 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 CO_2 emissions. We measure these indicators periodically and pursue a CO_2 reduction target at portfolio level.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Fossil fuel activities
The properties in which the portfolio invests are residential properties and these are not involved in fossil fuel activities, such as the extraction, mining and storage of fossil fuels. Therefore, there is no exposure of the portfolio to such activities.

Energy efficiency
For energy efficiency, this is one of the key sustainability issues based on which properties are selected and managed within the portfolio. Newly constructed properties must comply with BENG2 based on applicable legislation and, in addition, the energy label of

existing properties to be purchased is important in the Fund's investment decision. With respect to existing properties in the portfolio, insight has been provided into how properties will be made more sustainable to energy label A, except for the properties to be sold.

To improve energy efficiency, Achmea Real Estate is actively working to make the real estate in the portfolio more sustainable. The CO_2 Reduction Roadmap of the portfolio provides insight into which sustainability scenarios can be used to reduce CO_2 emissions and achieve the goals of the Dutch Climate Agreement.

<u>CO_2 emissions and energy consumption</u>
The CO_2 emissions and energy consumption of real estate properties are strongly related to the energy efficiency of real estate. Our goal is for the real estate portfolio to be CO_2 neutral by 2050. We monitor the CO_2 emissions of the portfolio and report on them annually.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

These international norms mainly apply to the investment in companies. As the Fund solely 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.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

The legislation has defined the principal adverse impacts of real estate mainly in the form of environmental indicators. The two most important adverse impacts are energy inefficiency (measured based on energy labels for real estate built until 2020 and the BENG2 norm for real estate built after 2020) and the exposure to fossil fuel activities. In addition, carbon emissions and energy intensity of real estate is considered. In the annual report of the Fund information will be included on how the principal adverse impacts on sustainability factors are considered.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

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 CO_2 emissions, both during exploitation period as well as during construction phase via extra attention regarding embodied carbon 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 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 at the same time anticipating on the adaptation of 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.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

When acquiring new properties and managing the properties in the portfolio, the following binding elements apply:

1. All properties in the portfolio, with the exception of properties to be sold, must have a green energy label (A-B-C). Making the portfolio more sustainable will lead to 95% energy label A by 2026. The exception here is that non-sustainable homes that are sold as part of a mutation are not first made more sustainable. Experience shows that the (future) buyer often wants to make the choice for a renovation himself. Objects for which a privatization strategy is in place, are excluded.
2. This will also achieve a CO_2 reduction in accordance with the -55% CO_2 reduction target for the portfolio in 2030 and -100% CO_2 reduction in 2050 (compared to base year 1990).
3. The average tenant satisfaction of the entire housing portfolio on the item 'satisfaction with of the residential unit' is at least a 7.
4. 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 €1,157.95.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

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

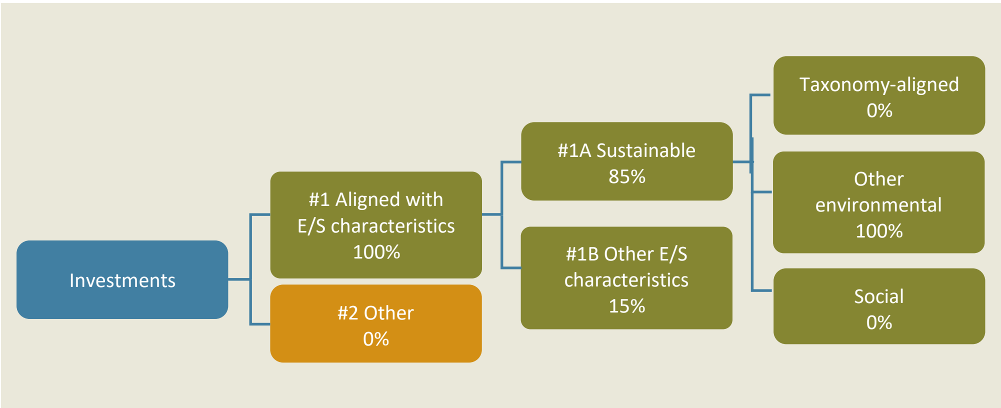
Asset allocation describes the share of investments in specific assets.

What is the policy to assess good governance practices of the investee companies?

Good corporate governance is especially relevant to the investment in companies. The Fund invests in real estate. Consequently, the policy to assess good corporate governance practices of the investee companies has not been explained. From the point of view of due diligence and careful asset management, a screening process applies within the Fund / Achmea Real Estate that applies to all contracting parties (suppliers, service providers, tenants, etc.) before an agreement is entered into. Periodic interim screening takes place during the term of the agreement.

What is the asset allocation planned for this financial product?

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



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.

These properties fall 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.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

This question is not applicable to the Fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This section does not apply to the Fund as there is no intended minimum allocation to sustainable investments with an environmental objective aligned with the EU taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

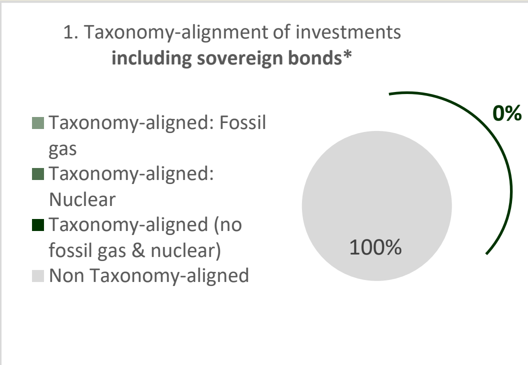
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

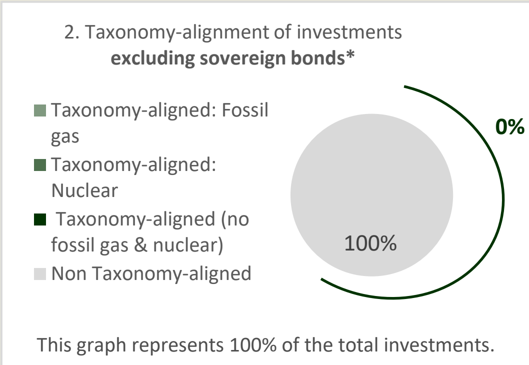
☐ Yes:

☐ in fossil gas ☐ in nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

This question is not applicable to the Fund.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Real estate properties that do not meet the Taxonomy criteria, but that do meet the criteria for sustainable investments with an environmental objective, are therefore a sustainable investment with an environmental objective in economic activities that are not aligned with the Taxonomy. The Taxonomy criteria have not yet been fully developed. In addition, there is still uncertainty about how a number of detailed requirements in the Taxonomy should be applied in concrete terms to real estate objects, so that it is not yet possible to determine definitively whether real estate objects are aligned with the EU taxonomy. For this reason, an alternative definition has been formulated for sustainable investments that contribute to mitigating climate change.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are **sustainable investments with an environmental objective that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy is at least 85% of the Fund's investments.

What is the minimum share of socially sustainable investments?

This question is not applicable to the Fund.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

All investments of the Fund comply with the environmental and social characteristics which have been included in this document.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.achmearealestate.nl/en/investing/funds/achmea-dutch-residential-fund