

**Annex 7 - 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 Impact Fund I

**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.

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.

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

**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 0% 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**



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

The Fund (Achmea Dutch Residential Impact Fund, in short: ADRIF) promotes environmental and social characteristics by purchasing existing residential real estate and transforming them into energy-efficient properties. This contributes to lowering the CO<sub>2</sub>-emissions of the built environment and making living costs for inhabitants more affordable. It is intended that all assets acquired by the Fund will be subject to transition from a lower sustainability level to a higher sustainability level. It may be that not all assets will be subject to such transition as some individual assets that are acquired as part of a larger acquisition, may already have a higher sustainability level and for some assets it may, for practical reasons, not be possible or feasible to enhance the sustainability level. However, at least 80% of the proportion of the investments in real estate assets of the Fund will be subject to this transition objective. This is implemented by three steps.

The first step is acquiring energy inefficient residential assets (energy label D or lower) of existing residential stock. Second, via a steep roadmap the energy *inefficient* properties will be transformed into energy *efficient* properties (with an energy label of at least A) within three years after acquisition by which the Fund contributes to lowering the CO<sub>2</sub>-emissions of the building environment. The ultimate goal for the residential assets is to become 'Paris Proof'. In this document, Paris Proof is defined along CRREM guidelines as an asset that reduces its operational carbon intensity (CO<sub>2</sub> emissions per m<sup>2</sup> per year) to stay within the decarbonization pathways defined by the CRREM guidelines for the residential sector, aiming for near-zero emissions by 2050. For residential assets in

the Netherlands, the maximum energy consumption target is below 60 kWh/m<sup>2</sup> for single-family houses and 55 kWh/m<sup>2</sup> for apartments by 2050.

The Fund specifically focuses on generating long term investment return on real estate assets while mitigating climate change by lowering CO<sub>2</sub>-emissions. The Fund also focusses on keeping living costs affordable after renovation. This contributes to the energy transition and provides a comfortable living environment. This approach aligns with the Fund's impact theme relating to providing sustainable yet affordable housing options, contributing to improved affordability and well-being for its tenants.

For the year 2024, we define rents up to 1,300 euro per month as affordable. Setting the threshold at €1,300 was a deliberate choice to align with the average income in the Netherlands (€54,025 as of January 1, 2024) and the upper limit for middle-income households (€61,775 as of January 1, 2024) taking into account a “woonquote” of 30-35%. Rental prices for tenants may be increased based on contractual terms in line with applicable legislation, for example due to inflation or rising energy costs.

Environmental characteristic:

1. achieving a reduction in CO<sub>2</sub> emissions of the built environment

Social characteristics:

2. monitoring affordability of rental costs
3. measuring the satisfaction of tenants

By investing in the transformation of existing residential stock with a poor energy label, which is estimated to be around 30% of the Dutch rental housing market, the Fund aims to upgrade the energy performance of a proportionate part of the Dutch residential market in order to maximize the sustainability impact within a suitable financial return target. At the same time it also focuses on high-quality upgrades and sustainable portfolio management of the renovated properties. This means that there will be a strong ambition to use detachable, reusable and biobased materials to minimise the ecological footprint of the investments. Given the nature of the fund, no reference benchmark has been designated.

● ***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 m<sup>2</sup> of the portfolio compared to the CRREM standard set for the portfolio
3. Average tenant satisfaction with the property on a scale of 1-10

Energy labels are prepared by INNAX, with Achmea asset management responsible for keeping them up to date. CO<sub>2</sub> data is collected annually by ARE, and starting 2025, this will be done via Scaler. The data is sourced from grid operators, property managers, tenants, and smart meters. The management of energy labels is handled by INNAX in collaboration with the asset management of ARE. The Property Services department of ARE manages CO<sub>2</sub> emissions data. CO<sub>2</sub> calculations are based on the guidelines of GRESB. ARE has a tenant satisfaction survey conducted on an annual basis by an outside agency (Customeyes) for each of its properties.

● ***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 characteristic 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. The sustainability characteristics of the fund are based on exactly this ambition, i.e. enhancing the energy labels of the properties in which the Fund invests.

The Fund does not intend to (partially) make “sustainable investments” as defined in Article 2(17) of Regulation (EU) 2019/2088.

**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?***

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 this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. However, the Fund takes into account several indicators for adverse impacts on sustainability factors. This is described in more detail below (see question “Does this financial product consider principal adverse impacts on sustainability factors?”).

● ***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.

*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 Fund aims to promote environmental and social characteristics for the properties to be purchased and upgraded in the portfolio. Additionally, the Fund aims to prevent material adverse

impacts in respect of certain other sustainability topics. Real estate can have adverse impacts on the climate, particularly through carbon emissions.

The Fund uses 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 inefficiency of real estate (for real estate built before January 2021, 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 energy-neutral buildings standard)).

Optionally selected indicators are energy consumption and CO<sub>2</sub> emissions. We measure these indicators periodically and pursue a CO<sub>2</sub> reduction target at portfolio level.

#### **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, storage, transport, or manufacture of fossil fuels. Therefore, there is no exposure of the portfolio to such activities.

#### **Energy efficiency**

Energy efficiency is one of the key sustainability issues based on which purchased properties are being renovated and managed within the portfolio. Acquired 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 (sufficient room for improvement). With respect to existing properties in the portfolio, the Fund aims to address adverse impacts by making the properties more sustainable from energy label D or lower towards energy label A.

To improve energy efficiency, Achmea Real Estate B.V. will actively work to make the real estate in the portfolio more energy-efficient. With a clear Investment Program, drawn up in cooperation with technical specialists and construction companies, we can plan in detail which activities will take place in order to reach the desired energy efficiency outcome per asset. Our annual CO<sub>2</sub> dashboard will reflect on the like-for-like reduction of carbon emission and energy consumption. Insights on CO<sub>2</sub> emissions will be updated on annual basis and will be included in the annual report.

#### **CO<sub>2</sub> emissions and energy consumption**

The CO<sub>2</sub> 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 Paris Proof by 2040. As mentioned, we monitor the CO<sub>2</sub> emissions of the portfolio and report on them annually.

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 pursues environmental and social return characteristics. For this purpose, the Fund has drawn up an ESG strategy that is used to integrate environmental and social characteristics into the Fund's investment policy.

The ESG targets formulated in the investment strategy are approached through core objectives and by applying the binding elements set out below. These include reducing carbon emissions, acquiring existing rental properties in the mid-segment and for at least 80% of all units renovate and upgrade these while maintaining the cost of living affordable. The Fund continuously pursues these core objectives.

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 pass the environmental threshold (energy label D or lower), and second by making these properties in the portfolio perform better in terms of environmental improvements and social benefits. Specifically, this means looking at the sustainability performance of acquired and upgraded real estate, such as

the energy label and energy consumption to be achieved, the BENG standards, natural gas-free real estate and climate risks.

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

● ***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?***

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

1. All the properties to be acquired must have an investment program included in the purchase proposal.
2. This investment program describes in detail the proposed renovation, including the expected costs, 10-years IRR, CO<sub>2</sub> reduction and energy consumption.
3. The expected results aim for a final goal: in 2040 all assets, longer than three years owned by the fund are Paris Proof.
4. The goal is to qualify renovated label D or lower properties as label A by 2030 100% Paris Proof by 2040 with affordable rent after completion.

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

Due to the fact that the Fund is a transition fund this question is not suitable for this type of fund. It is expected that all acquired property is energy inefficient. During and after the acquisition process all acquired objects will be subject to the sustainable investment strategy of the Fund, as describe above.

**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.

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.

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.

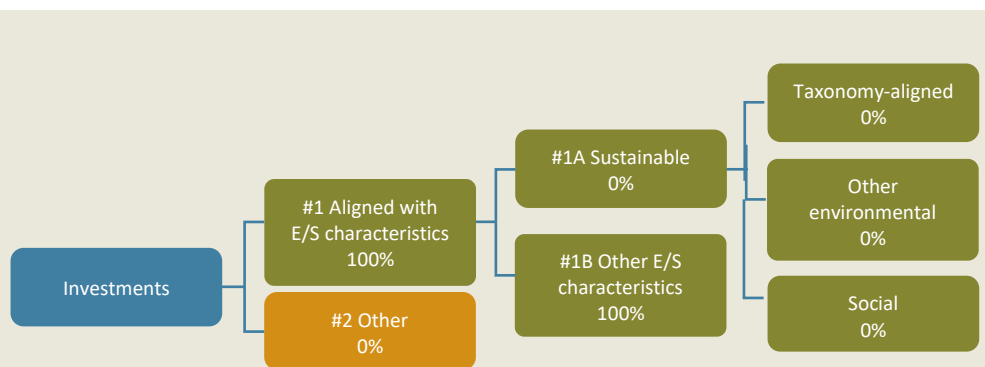
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**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.



## What is the asset allocation planned for this financial product?

The Fund is currently being formed. Each asset is purchased with a sustainability plan (green CAPEX) included in the investment proposal, with the intention of making the properties sustainable within three years. At the time the Fund is launched, it will consist of properties that are not yet energy efficient, but will become so. The Fund does not intend to allocate a minimum percentage of investments to environmental or social objectives as defined in European sustainable finance legislation. All investments aim to align with the E/S characteristics as described in the binding investment strategy.



The portfolio's investments consist exclusively of real estate. 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.

**#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.



## 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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

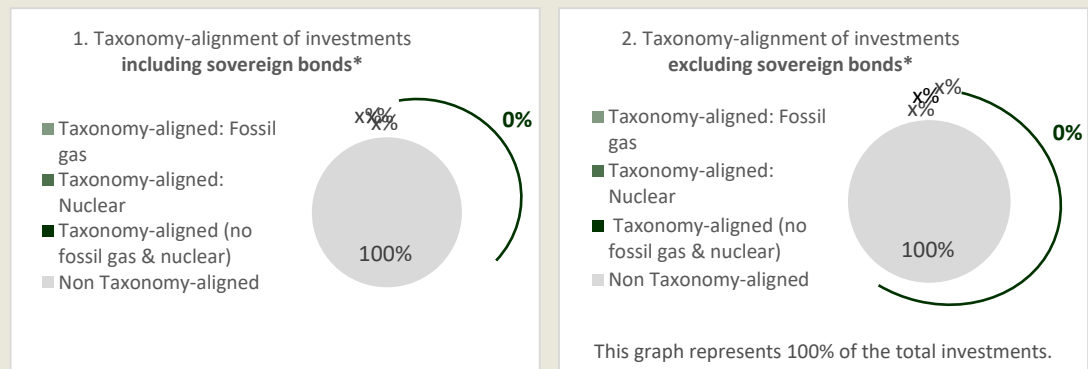
☐ Yes: as the

☐ 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 as the Fund does not perform a transitional activity as referred to in the Taxonomy regulations. The Fund has designated its own, tailored transitional objectives which apply to all real estate assets in the Fund's portfolio, as described in this document.



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

The Fund does not aim to be Taxonomy aligned, as it applies its own, tailored criteria to achieve transition of the assets acquired by the Fund towards higher energy standards. This applies, in principle, to all assets in the Fund. Therefore, the envisaged share of investments that pursue an environmental characteristic is 100%. It cannot be said that all of these investments are not aligned with the EU Taxonomy, for the mere reason that this is not a relevant criterion for the Fund and, as set out above, the do no significant harm principle of the Taxonomy Regulation does not apply to the assets of the Fund. This does not take away the tailored environmental characteristics that are an integrated part of the binding investment strategy of the Fund.

In addition, the Taxonomy criteria have not yet been fully developed. 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 to be invested in by the Fund are aligned with the EU Taxonomy. Also for this reason,



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

<sup>1</sup> 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.



a tailored definition has been formulated for the Fund for investments that have the characteristic to pursue the mitigation of climate change.



### What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments is yet to be determined. The Fund sees affordability of rent for tenants as a social characteristic. As of 2024, the Fund defines rents up to 1,300 euro per month as affordable. Setting the threshold at €1,300 was a deliberate choice to align with the average income in the Netherlands (€54,025 as of January 1, 2024) and the upper limit for middle-income households (€61,775 as of January 1, 2024) taking into account a “woonquote” of 30-35%. Rental prices for tenants may be increased based on contractual terms in line with applicable legislation, for example due to inflation or rising energy costs.



### 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 aim to comply with the environmental and social characteristics, the Fund has 0% investments under #Other.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.



### Where can I find more product specific information online?

**More product-specific information can be found on the website:**  
To be determined

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.