Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Achmea Real Estate B.V.
LEI: 724500AFVHXP1A09F194
Date: June 30, 2025

Summary

Achmea Real Estate B.V. (724500AFVHXP1A09F194) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the principal adverse impacts on Achmea Real Estate's sustainability factors.

This statement covers the reference period from 1 January 2024 to 31 December 2024.

As an investment manager, we take into account of the adverse impacts of our investments on the planet. That way, we can make a difference for future generations. Based on a long-term ESG strategy, Achmea Real Estate clearly sets out the adverse impacts of its real estate investments on sustainability factors. Sustainability factors include environmental, social and employment issues, respect for human rights, and combatting corruption and bribery.

On 10 March 2021, new European legislation came into force requiring financial market parties to report how they approach sustainability in their investments: the Sustainable Finance Disclosure Regulation (SFDR). The SFDR has been implemented in two phases. For the first-phase obligations, Achmea Real Estate published information on the adverse impacts of investments on its website on 10 March 2021. The second-phase obligations

apply as from 1 January 2023 and Achmea Real Estate since publishes a more extensive version of the 'Statement on principal adverse impacts of investment decisions on sustainability factors' on its website. Each year, this statement will be updated with figures on the adverse impacts of real estate investments on sustainability factors.

Legislation prescribes the principal adverse impacts on sustainability for investments in real estate assets. Achmea Real Estate can also identify additional adverse impacts on sustainability as important and include them in this statement. The principal adverse impacts for real estate investments that must be reported on are the exposure of real estate to fossil fuel activities and exposure to energy-inefficient real estate. Achmea Real Estate has also chosen to report on the greenhouse gas emissions and energy consumption intensity of the real estate. We discuss the choice of these adverse impacts and the specific and other actions we take to reduce the principal adverse impacts in more detail below.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in real estate assets							
Adverse sustainability indicator		**Metric**	**Impacts 2022**	**Impacts 2023**	**Impacts 2024**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels.	1. Exposure to fossil fuels through real estate assets.	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	0%	0%	0%	As Achmea Real Estate invests exclusively in mortgages for residential properties, there will be no exposure to fossil fuel activities.	It will keep exposure to fossil fuels limited by not investing in mortgages for properties involved in the extraction and manufacturing process of fossil fuels.
Energy efficiency.	2. Exposure to energy-inefficient real estate assets.	Share of investments in energy-inefficient real estate assets.	14.83%	11.29%	9.23%	The energy efficiency of the investments is already made transparent by the energy label of real estate built before 2021. Real estate constructed more recently must meet the BENG2 (Almost Energy-Neutral Building) standard. The BENG2 standard prescribes that the maximum primary fossil energy consumption must be lower or equal to the statutory standard. Under legislation, properties with an energy label C or lower are considered energy inefficient. From 2023 onwards, energy efficiency is determined on the average of four quarters; prior to that it was based on the year-end figure. Optimising the energy efficiency of real estate is a key part of Achmea Real Estate's ESG strategy.	The focus is on making properties in the portfolio with lower energy efficiency more sustainable. The aim is to have a portfolio consisting entirely of properties with energy label A or higher. Acquisition, disposition and making properties more sustainable can improve energy efficiency. When acquiring properties, the energy efficiency of the real estate and the factors considered in decision-making process are described in the investment proposal for a property.

Additional climate and other environmental indicators for real estate assets							
Adverse sustainability indicator		**Metric**	**Impacts 2022**	**Impacts 2023**	**Impacts 2024**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Greenhouse gas emissions.	1. GHG emissions.	Scope 1 GHG emissions generated by real estate assets.	Residential real estate: 260 tonnes CO_2 Retail real estate: 50 tonnes CO_2 Healthcare real estate: 200 tonnes CO_2	Residential real estate: 420 tonnes CO_2 Retail real estate: 10 tonnes CO_2 Healthcare real estate: 180 tonnes CO_2		As there is a strong correlation between greenhouse gas emissions and the energy efficiency of real estate, monitoring and focusing on reductions is part of the ESG strategy. Carbon emissions of the major real estate portfolios relating to residential, retail and healthcare real estate are collected. From the 2022 reporting year, the calculation methodology has been adjusted to be more in line with the assumptions of GRESB and CRREM. Reporting is based on location-based and tank-to-wheel. The reported carbon emissions for 2021 include only those assets with complete energy consumption data. For 2022, all available data is included. Scope 1 is the direct carbon emissions generated by the property owner. This mainly involves emissions because of gas consumption for shared services.	CO_2-reduction roadmaps have been drawn up for the real estate portfolios, showing how total carbon emissions can be reduced. We are striving for a carbon-neutral real estate portfolio by 2050. The CO_2 Roadmap indicates how carbon emissions can be reduced in the current portfolio. On this basis, Achmea Real Estate determines – in consultation with clients – when sustainability measures can be taken for which properties. (Short-term and long-term plans are described in more detail in the real estate portfolios plans and multiannual maintenance budgets.) By focusing on reducing total CO_2-emissions, scope 1, 2 and 3 carbon emissions are reduced. Progress in reducing CO_2-emissions is monitored through Achmea Real Estate's CO_2 Dashboard. Figures from the CO_2 Dashboard are included in this table.

		Scope 2 GHG emissions generated by real estate assets.	Residential real estate: 2,100 tonnes CO_2 Retail real estate: 1,790 tonnes CO_2 Healthcare real estate: 810 tonnes CO_2	Residential real estate: 1,880 tonnes CO_2 Retail real estate: 1,220 tonnes CO_2 Healthcare real estate: 1,270 tonnes CO_2		Scope 2 is the indirect emissions (at another location) generated by the owner. This involves emissions for using electricity and district heating for shared services.	
		Scope 3 GHG emissions generated by real estate assets.	Residential real estate: 42,750 tonnes CO_2 Retail real estate: 8,040 tonnes CO_2 Healthcare real estate: 2,410 tonnes CO_2	Residential real estate: 36,180 tonnes CO_2 Retail real estate: 6,140 tonnes CO_2 Healthcare real estate: 3,230 tonnes CO_2		Scope 3 is emissions by the tenant. This includes also all emissions generated by the owner that go to the tenant's space.	
		Total GHG emissions generated by real estate assets.	Residential real estate: 45,110 tonnes CO_2 Retail real estate: 9,880 tonnes CO_2 Healthcare real estate: 3,420 tonnes CO_2	Residential real estate: 38,480 tonnes CO_2 Retail real estate: 7,460 tonnes CO_2 Healthcare real estate: 4,680 tonnes CO_2		This is the total of scope 1, 2 and 3 emissions.	

Energy consumption.	2. Energy consumption intensity.	Energy consumption in GWh of owned real estate assets per square metre.	Residential real estate: 0.0001054 Retail real estate: 0.0001619 Healthcare real estate: 0.0001063	Residential real estate: 0.0000835 Retail real estate: 0.000213 Healthcare real estate: 0.0000954		Energy data of the major real estate portfolios relating to residential, retail and healthcare real estate is collected. The energy consumption intensity is reported on only for properties whose data are complete.	The portfolio's actual energy consumption is monitored in the CO_2 Dashboard. By focusing on reducing carbon emissions, energy consumption is also expected to decrease.
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Legislation prescribes no additional indicators for social themes in respect of investments in real estate assets.							

Policy

Achmea Real Estate has an ESG strategy that sets out the vision, requirements and ambitions regarding sustainability for the real estate investments. Achmea Real Estate invests in minimising the impact of the built-up environment on climate change and is dedicated to creating a liveable environment. The updated ESG Strategy replaces the previous ESG Strategy with effect from 1 June 2023.

Policy implementation

We take the ESG strategy priorities into account when considering investments. Based on the ESG strategy, for example, our portfolio and fund managers apply various ESG targets to the portfolios they manage and include them in the portfolio plans. The portfolio plans are reviewed annually and form the basis for the strategy by which the funds and portfolios are managed. Portfolio plans are coordinated with Achmea Real Estate's clients. The relevant clients receive periodic reports on how the strategy has been implemented. When properties are purchased, a comprehensive analysis is carried out and documented in the purchase proposal. The purchase proposals also include information on the actual and expected adverse impacts of the property to be purchased on sustainability factors.

Selection, identification and assessment of principal adverse impacts

Achmea Real Estate's ESG strategy focuses on several themes that are important for investing in attractive and sustainable real estate. Real estate is a sector that has a major impact on the environment, generated, among other things, by carbon emissions and thus climate change. Climate change has been identified as a principal theme in the ESG strategy. Carbon emissions, energy consumption and energy labels (as a method to estimate the sustainability of real estate) are thus key indicators for understanding the impact of real estate on the climate. The measurability of climate-related issues ensures that the adverse impacts of real estate can be specified and monitored over the long term. The importance of climate change has also been recognised in the international context in the form of the Paris Climate Agreement, which the Dutch government adopted and signed in 2016. The government, market players and civil society organisations made arrangements in the Dutch Climate Agreement of 2019. The built environment is one sector in respect of which arrangements have been made to reduce carbon emissions.

Data sources

We measure the energy efficiency, carbon emissions and energy intensity of our real estate portfolios. We collect, monitor and analyse these data to provide insight into the adverse impacts of real estate on the climate. This insight helps us to formulate measures to limit the adverse impacts of real estate on the climate.

- The final energy label or the BENG2 standard is used to determine the energy efficiency (Nearly zero-energy buildings) of the entire property portfolio. A qualified consultant working for a certified company/organisation (in accordance with the BRL 9500 certification scheme) prepares an energy label. BENG2 refers to the primary fossil energy consumption of a property (and is calculated using the NTA 8800 calculation method).
- The energy consumption of residential, retail and healthcare real estate is requested from grid operators, tenants and property managers or read through smart meters in cooperation with external parties. Energy consumption data are used to calculate the energy intensity. The energy data are converted into carbon emissions. Carbon emissions and energy consumption are recorded in the CO_2 Dashboard, which is updated every autumn using data from the previous year. The CO_2 Dashboard shows energy consumption, the total carbon emissions and scope 1, 2 and 3 emissions.
- Much of the 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.

Information on the principal adverse impacts of investment advice on sustainability factors

In investment advice, the adverse impacts of real estate on sustainability factors are considered in the selection process. Investment advice mainly involves selecting funds investing in international real estate. When selecting these funds, we ask whether and how the fund manager clarifies the above sustainability factors and considers them in the investment policy. Practices for measuring the sustainability of real estate currently vary widely and approaches differ between countries. Greenhouse gas emissions and energy consumption are the sustainability factors made most transparent at international level.

Sustainability is part of the scoring method used to select funds. This scoring method is used to assess which of the shortlisted funds score highest, meet Achmea Real Estate's and the client's standards, and are the best fit for the client's preferences. The findings are documented in the purchase proposal which substantiates the investment advice. No thresholds are used unless the clients require them.

References to international standards

Sustainable investment standards

In 2011, Achmea Real Estate signed the United Nations Principles for Responsible Investment (UN PRI). The UN PRI is the world's leading standard on responsible investment based on international treaties aimed at institutional investors.

It is a list of six voluntary, ambitious principles that offer a number of possible measures for incorporating ESG aspects in investment practice.

Global targets relating to climate, environmental and social goals
Achmea Real Estate's ESG strategy objectives are also linked to 5 of the United Nations' 17 Sustainable Development Goals. Examples of our ESG objectives include reducing our carbon footprint, introducing climate adaptation measures, improving the quality of life in neighbourhoods, paying attention to the welfare of our tenants and focusing on affordable housing for specific target groups.

Climate change
Achmea (Achmea Real Estate's parent company) signed the Dutch Climate Agreement in 2019. This Climate Agreement elaborates the Paris Climate Agreement at national level. By signing this agreement, we express our commitment to the goals of this Climate Agreement. The aim is to make real estate portfolios fully carbon-neutral by 2050. The CO_2 Dashboard monitors how portfolios are progressing in reducing CO_2 in relation to the goals agreed with the client, which are generally based on the goals of the Dutch Climate Agreement. The Carbon Risk Real Estate Monitor (CRREM) is the benchmark for meeting the Paris Climate Agreement goals and is also included in the CO_2 Dashboard.

Historical comparison

Achmea Real Estate reports on the principal adverse impacts on sustainability factors each year. A historical comparison of the reported indicators is included in this statement. The statement was first published in this format in early 2023. A historical comparison of previous years reported on was published for the first time in 2024.

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