CLIMATE REPORT 2024

INVESTING IN CLIMATE-PROOF REAL ESTATE

achmea
Real Estate

FOREWORD

The Earth is warming rapidly. We see the consequences in our daily news, with reports of record temperatures, melting ice caps and prolonged droughts interspersed with images of floods caused by torrential rain. These consequences include heat stress, food shortages and mass refugee movements. Action is needed if we are to reverse this trend. It's time to act. We want to align our approach with the Paris Agreement scenario of limiting global warming to no more than 1.5 °C.

Dutch real estate is already facing the consequences of climate change. That's why we have identified the physical climate risks of the locations of our clients' real estate portfolios and, in addition to the mitigation measures we already adopt, we will be adopting adaptation measures in the coming years.

By drastically reducing CO_2 emissions from our real estate, we are rapidly reducing our impact on climate change. We invest in making existing real estate more sustainable and apply strict energy efficiency requirements to acquisitions. We have also started to pinpoint opportunities to reduce the embodied carbon of our buildings by looking critically at the materials we use and increasingly choosing circular (i.e. recycled) or bio-based materials where possible. This will be one of the greater challenges over the next three to five years in making real estate more sustainable. We cannot do this alone. It requires a shift throughout the construction and real estate chain.

Our hope is that this report will not only inform, but also inspire action to make real estate climate-proof. Let's join forces and secure a positive future for ourselves and for generations to come.

Boris van der Gijp
Real Estate Director – Achmea Real Estate

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1. INTRODUCTION

This report describes how we are integrating relevant climate-change actions into the real estate portfolios we manage, our own organisation, strategy, processes and objectives. Every day, we learn more about climate change and how to tackle it through discussions with our stakeholders, reviewing relevant studies and new insights. Our approach is therefore constantly evolving. We are open to suggestions and feedback on how we can further refine our strategy. Climate change cannot be ignored. Achmea Real Estate is committed to positively contributing to a more sustainable future for all.

CLIMATE CHANGE

Climate change is a global challenge that presents the planet and its inhabitants with significant and adverse changes in the climate system: changes that have serious implications for our planet. Rising concentrations of greenhouse gases in the atmosphere, caused by human activities such as the combustion of fossil fuels, deforestation and industrial processes, are the main cause.

Following the 1997 Kyoto Protocol, the 2015 UN Climate Change Conference in Paris adopted the Paris Agreement, an international treaty to limit global warming to well below 2 °C relative to pre-industrial levels, with a target of 1.5 °C. Signed by 195 countries, the Paris Agreement is the first global agreement to tackle the climate crisis. Each country has been given the freedom to submit its own emission reduction targets and develop strategies to achieve them. The agreement recognises the critical role of local authorities, businesses, investors and citizens in meeting the 1.5 °C target. Despite this agreement, current measures are insufficient to keep warming below 1.5 °C.[1]

In 2019, the agreement was further elaborated for Europe in the Green Deal and the Sustainable Finance Action Plan. The European Green Deal is an ambitious package of measures to combat climate change, protect natural resources and boost economic growth without depleting natural resources. By investing in clean technologies, drastically reducing greenhouse gas emissions and improving Europe's natural environment, it aims to make the European Union climate neutral by 2050. Measures to accelerate the energy transition and promote the circular economy, which are essential to achieving these targets, are also included in this initiative. The European Union's Sustainable Finance Action Plan aims to promote sustainable investment.

One outcome of this deal and action plan will be European legislation requiring companies not only to report financial results and targets in accordance with fixed rules, but also to report non-financial results and targets in a similarly structured way. Examples of such legislation include the Sustainable Finance Disclosure Regulation (SFDR), the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD).

1. Adoption of the Paris Agreement

The Intergovernmental Panel on Climate Change (IPCC), a scientific body established by the United Nations to assess and report on climate change, has provided compelling evidence that greenhouse gases, including carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), cause an enhanced greenhouse effect and contribute to global warming. The latest IPCC report, the AR6 Synthesis Report, emphasises the urgency of tackling climate change. The report is the culmination of the IPCC's sixth assessment cycle (2015–2023). It underscores the need to significantly reduce emissions and adapt to the consequences of warming.[2][3]

According to the report, the modest steps taken to date do not suffice to tackle the climate crisis. It argues that the choices made in this decade will be felt for millennia to come. Global CO_2 emissions need to peak before 2025 and then fall rapidly to meet climate targets. Urgent action is thus needed to prevent adverse effects such as the disappearance of animal species and increasing heat stress for humans.

While the IPCC report also mentions some encouraging developments, such as the increasing availability and decreasing cost of solar and wind energy, more efficient energy use, electrification, green infrastructure, reforestation and the reduction of food waste, these positive developments are not enough to reduce emissions sufficiently. The report highlights the need for greater momentum in policy, technology and finance, particularly in shifting investment from fossil fuels to renewables.

2. Government letter about IPCC-report
3. IPCC Sixth Assesment Report

Wijnbergen Buiten - Doetinchem

IMPORTANCE FOR ACHMEA REAL ESTATE

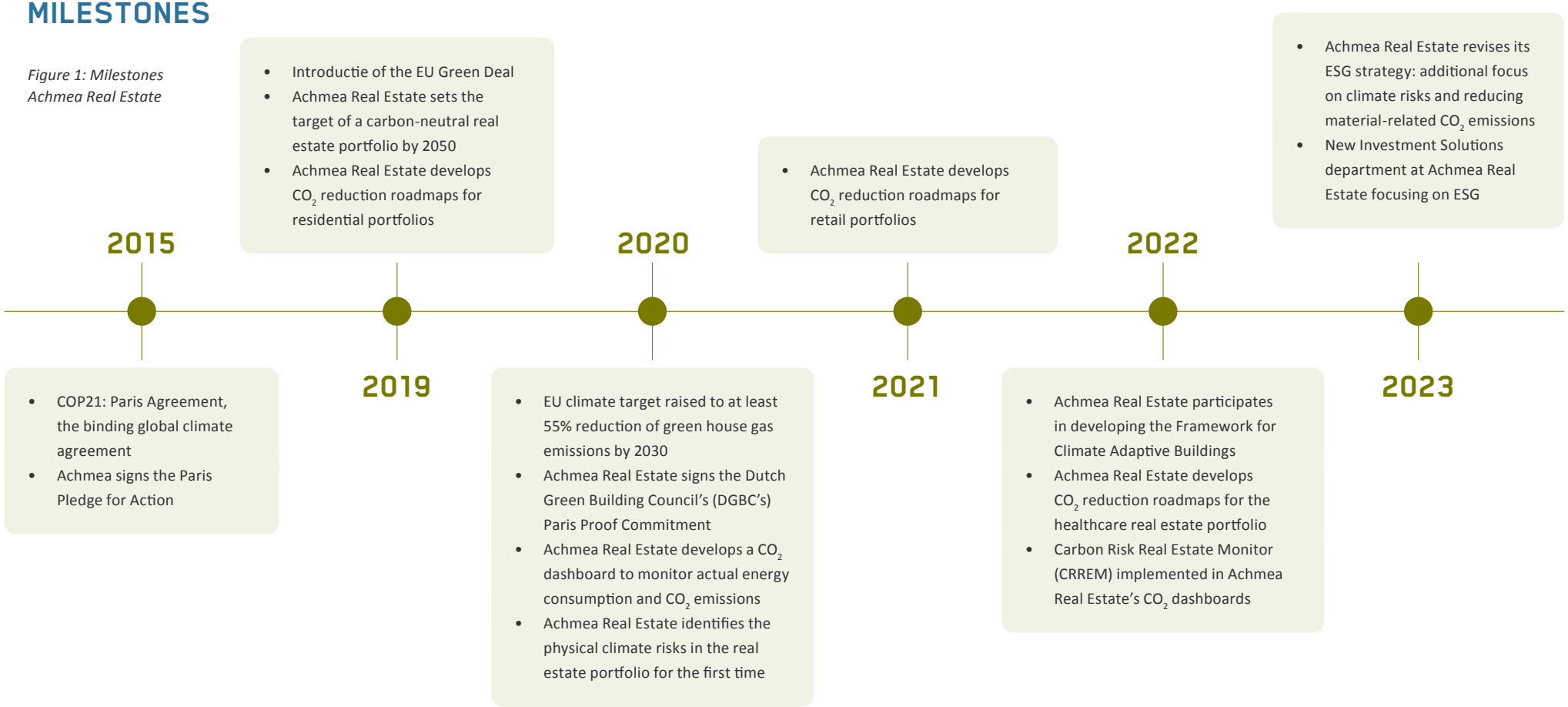
As real estate portfolio managers, we not only impact the climate, but we are also impacted by changing climatic conditions. The financial, social and environmental risks posed by climate change make it a crucial issue for our stakeholders and partners.

In line with the PAris Agreement, we have signed the Paris Pledge for Action. This shows our commitment to work towards a stable climate and limit global warming to no more than 1.5 °C. Together with our partners, we have already significantly reduced the CO_2 emissions of the real estate portfolios we manage over the past five years. And we will continue working to achieve our targets.

In 2023, we updated our Environmental, Social and Governance (ESG) strategy. CO_2 emissions, climate risks, building adaptation and the use of sustainable materials are important elements of this strategy. We have integrated targets in our procurement processes and portfolio plans, with a focus on measuring and reducing CO_2 emissions.

MILESTONES

Figure 1: Milestones Achmea Real Estate



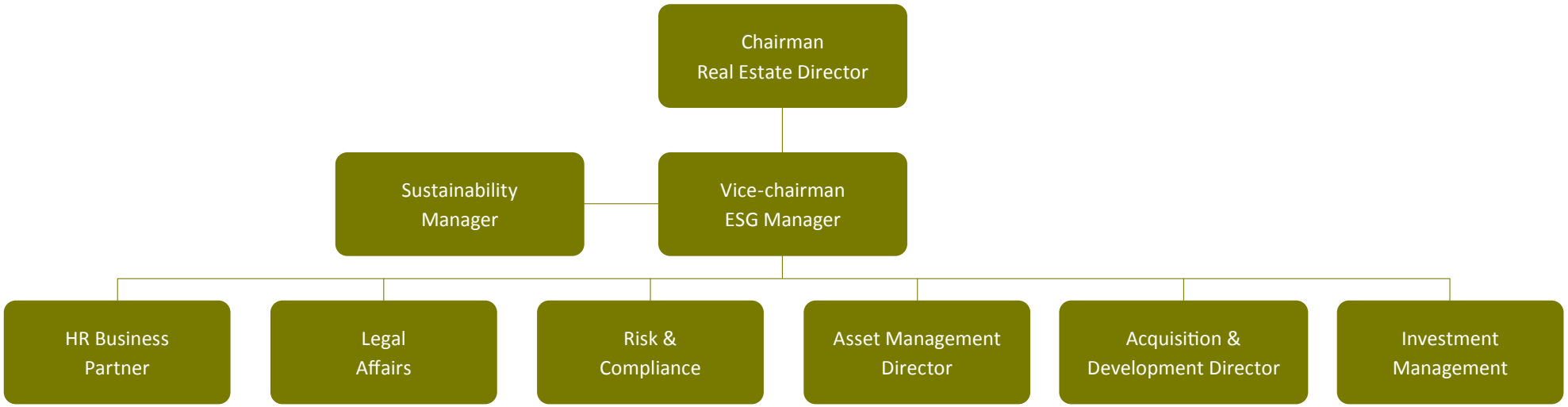
2. GOVERNANCE

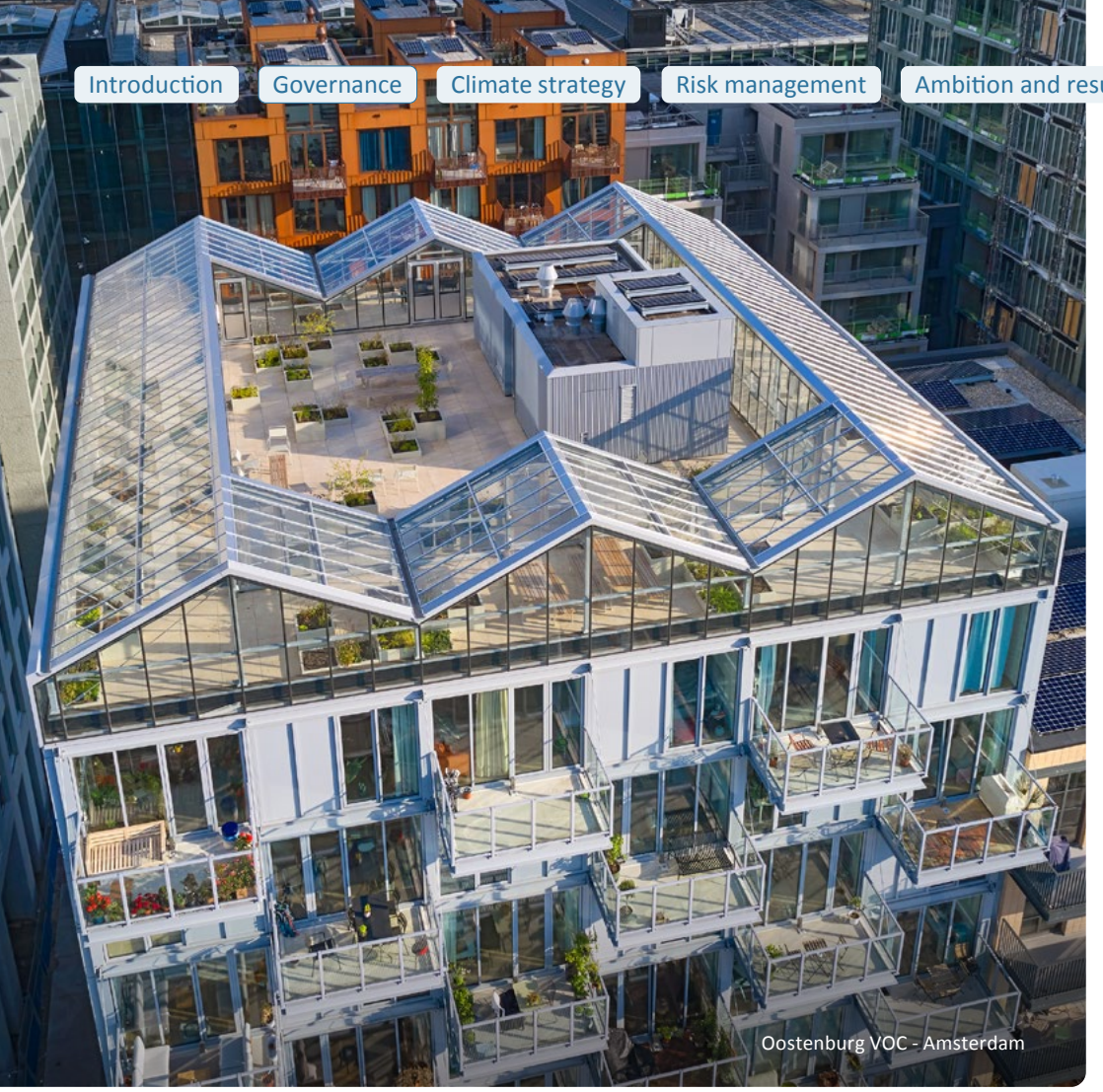
Climate change is a complex challenge that requires attention from various departments within our business.

ESG COMMITTEE

Our climate strategy is the responsibility of the ESG Committee, headed by the Real Estate Director. The Committee members are the Real Estate Director, the ESG Manager, the Sustainability Manager, the HR Business Partner, representatives from Legal Affairs and Risk & Compliance, and the managers of various departments in Achmea Real Estate. Besides providing strategic leadership, the ESG Committee drives the implementation of Achmea Real Estate's ESG strategy. The ESG committee meets at least four times a year and reports on the progress of the ESG strategy objectives. ESG goals are also included in our employees' personal targets to ensure that these objectives are achieved.

Figure 2: ESG governance





Oostenburg VOC - Amsterdam

ESG & INNOVATION: INVESTMENT SOLUTIONS

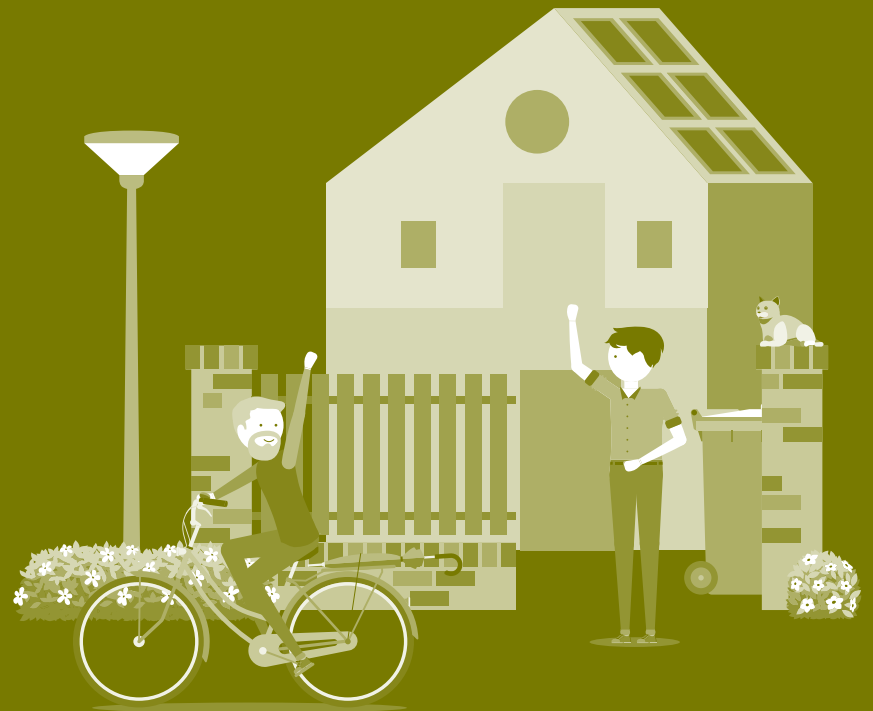
As of 1 April 2023, Achmea Real Estate has a new department called Investment Solutions, which focuses on sustainability, social impact, innovation and related communication. This department is headed by the ESG Manager, who is part of Achmea Real Estate's management team.

Investment Solutions is instrumental in implementing the ESG strategy in our organisation, policies, operations, products and services.

Within Achmea Real Estate, the Investment Solutions team coordinates various climate mitigation and adaptation activities. These activities include developing CO_2 reduction roadmaps, monitoring CO_2 emissions, providing insights into material-related CO_2 emissions, and assessing climate risks at the building level. Additionally, Investment Solutions initiates and supports projects aimed at achieving ESG targets, such as establishing a 'land-to-property' project.

3. CLIMATE STRATEGY

We firmly believe in a long-term vision combined with active management for our real estate portfolios. We have a responsibility to prepare our organisation and clients for the wider impacts of climate change on the built environment. This means a clear focus on reducing our carbon footprint while adapting the real estate portfolio to the changes that lie ahead.



OUR APPROACH

We continue to invest in tomorrow's world. Our approach is:

Figure 3: Approach Achmea Real Estate

Preparing investors for the transition to carbon neutrality	Reducing our impact on climate change	Managing climate risks: Integration into our risk management procedures	Transparent communication and reports on our climate programme
• Climate impact and opportunities as an integral part of investment decisions • Assessing acquisitions against ESG indicators	• Achieving carbon-neutral real estate portfolios by 2050 • Working with Achmea towards a carbon-neutral organisation by 2030 • Optimising real estate energy labels in our funds to at least an 'A' label by 2030 • Reducing material-related CO_2 emissions in both new construction and sustainability activities	• Identifying climate risks for all funds • Assessing the impact of climate risks • Implementing a building adaptation strategy • Identifying climate-change risks that affect business operations more broadly than the physical risks associated with buildings.	• ESG Report • Annual Report • Portfolio plans • Quarterly updates • Participation and benchmarking through GRESB

PREPARING INVESTORS FOR THE TRANSITION TO CARBON NEUTRALITY

ESG factors affect both risk and the return on investment. ESG criteria, including climate risks, are therefore considered in the acquisition process and can impact the value of real estate investments. In this way, we assess the carbon footprint and intensity of investments, as well as their climate resilience. The carbon footprint is visualised in a CO_2 dashboard and the physical climate risks are presented in a climate risk dashboard. From this, we gain a good overview of the opportunities and risks of climate change and can determine what measures should be adopted to mitigate the effects of climate change on real estate.

The climate risk dashboard visualises the physical climate risks.

REDUCING OUR IMPACT ON CLIMATE CHANGE

Climate-proof and carbon neutral

In 2019, we have set the goal of making the real estate portfolios of our funds and clients fully carbon neutral by 2050. We are doing this based on the Trias Energetica. Using this method, we will become energy neutral in three steps: reducing energy consumption, using renewable resources as much as possible, and using fossil energy as efficiently as possible to meet remaining needs.

We are also aiming for carbon neutrality in our own operations, as early as 2030. To achieve this, we are lowering energy consumption in our building, reducing and making our employees' mobility more sustainable, using less paper and separating our waste as much as possible. We expect a similar approach from our partners, suppliers and service providers. They must all commit to our sustainability statement. We want to agree specific targets, which we will monitor, with our five main suppliers.

Energy-efficient buildings

As we want to provide tenants with energy-efficient housing, we only want to rent out buildings in our funds with an energy label A or higher by 2030. This allows us to create comfortable places to live while minimising our impact on the environment. We have used CO_2 roadmaps to identify the investments needed over the coming years. A key measure is to improve insulation to prevent unnecessary energy loss. We also invest in technologies such as CO_2-controlled ventilation, ensuring buildings are well-ventilated and optimal air quality is maintained. And we install solar panels and use heat pumps or connect buildings to a heat network. In this way, tenants benefit from green energy and can reduce their energy costs. Newly built properties are already off gas from the moment of completion.

In the areas of the buildings for which we are responsible, such as common spaces, we monitor energy consumption using smart meters. Additionally, we strive to reach agreements with commercial tenants to allow for remote monitoring, wherever possible. Furthermore, we collect consumption data from grid operators and property managers. All this data is compiled into the CO_2 dashboard annually, enabling us to track the actual CO_2 emissions of the portfolio and make necessary adjustments.

Reducing embodied carbon

Reducing CO_2 emissions is a complex challenge, involving not only the energy consumption of buildings, but also the entire chain from design and construction to the maintenance of a building in use. As making existing portfolios more sustainable has significantly reduced overall CO_2 emissions during the in-use phase, the CO_2 footprint during the construction phase has relatively increased. A major source of emissions in this phase is extracting and then processing materials into a building. These are the material-related CO_2 emissions, also known as embodied carbon.

We aim to reduce embodied carbon by using bio-based and circular materials wherever possible in both new-build and renovation projects. Timber is a good example of this because of its durability and recyclability. As a building material, timber helps reduce CO_2 emissions as trees absorb CO_2 from the atmosphere as they grow. Our aim is to use locally produced, circular and bio-based materials as much as possible.

4. RISK MANAGEMENT

Climate risks associated with real estate and real-estate investments are commonly divided into two or three categories: physical risks, transition risks and liability risks.

PHYSICAL RISKS

We have identified the physical climate risks of the real estate locations in the portfolios. These risks can for example lead to short-term floods and heavy rainfall but can also have long-term consequences through more frequent and prolonged droughts and heat waves.

Moreover, they can have financial implications for the real estate managed by Achmea Real Estate. Examples include direct damage to buildings, but also indirect consequences such as supply-chain disruptions.

Specific physical risks have been identified that could impact Achmea Real Estate:

Figure 4: Physical risks that could impact Achmea Real Estate

Risk	Physical climate impact	Potential financial consequences
Drought	Changes in the intensity and frequency of droughts are leading to falling groundwater levels and wildfires.	These consequences include the cost of repairing or replacing damaged property (e.g. damage to foundations caused by pile rot) and the cost of unrentability.
Heat stress	New temperature extremes lead to heat stress.	These consequences include the cost of investing in modifications such as additional cooling methods (active or passive). Reduced tenant demand for heat-sensitive real estate.
Waterlogging	Heavier and more frequent extreme rainfall lead to flooding during short heavy downpours and rising groundwater levels.	These consequences include the cost of repairing or replacing damaged property (e.g. floors) and the cost of unrentability.
Flooding	Sea-level rises and higher water levels increase the risk of flooding after breaches in flood defences.	These consequences include the depreciation of real estate (e.g. due to damage and for real estate in high-risk locations).

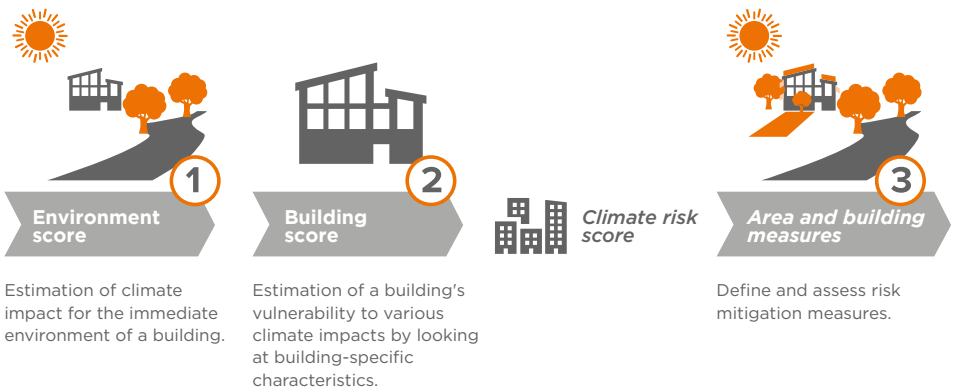
Framework for Climate Adaptive Buildings

Together with other real estate investors, financial institutions, knowledge institutes, consultants and authorities we are participating in the development of the Framework for Climate Adaptive Buildings by the Dutch Green Building Council (DGBC). This is a standardised methodology for determining climate risks at building level in the Netherlands.[4]

The methodology is based on three steps:

1. **Estimating the climate impact on a building's surroundings**
   This step involves first identifying the climate risks to which the building site is exposed. Examples include higher temperatures, extreme rainfall, drought or flood risks. This gives us a clear picture of the external factors affecting the building.
2. **Determining the building's specific vulnerability**
   After identifying the climate effects, the next step is to assess the building's vulnerability to these effects. This includes an analysis of the building's physical characteristics and how these aspects affect its resilience to climate change. The aim is to understand the building's current resilience to identified climate risks.
3. **Defining area and building measures**
   The final step is to define measures that can be taken both at building level and at surrounding area level. These can range from technical adaptations to the building itself, such as installing blinds or green roofs, to broader strategies for water management or for greening public spaces in the area. Ultimately, the goal is to adopt a set of feasible, effective measures that reduce the building's vulnerability to climate impacts and increase its overall resilience.

Figure 5: Framework for Climate Adaptive Buildings



4. Framework Climate Adaptive Buildings

Scenario's

Scenarios are used to estimate climate impacts in Part 1 of the Framework for Climate Adaptive Buildings. Indeed, human decisions play a crucial role in determining future greenhouse gas emissions and thus the future climate. Because of the uncertainty about future emissions, several future scenarios have been developed, covering a wide range of possible climate outcomes. These scenarios assume changing levels of emissions, among other variables such as changes in land use. The scenarios illustrate different levels of potential warming from greenhouse gas emissions, ranging from scenarios with minimal warming to scenarios with significant warming from intensive fossil-fuel use.

The Royal Netherlands Meteorological Institute (KNMI) has developed climate scenarios specifically for the Dutch climate to simulate the future climate of the Netherlands (KNMI'14)[5].According to the KNMI'14 climate scenarios, summers will be 1 to 2.3 °C warmer by 2050. Average winter rainfall will increase between 3 and 17%, while sea levels will rise between 15 and 40 cm by 2050.

KNMI'14 discusses four scenarios:

Figure 6: Climate scenarios according to the KNMI

	Temperature rise	Value change in air flows
WH	Strong	High
WL	Strong	Low
GH	Moderate	High
GL	Moderate	Low

The Framework for Climate Adaptive Buildings is based on the KNMI'14 high climate scenario (WH). This corresponds to the worst-case scenario (RCP 8.5) of the IPCC, the United Nations climate panel. At the end of 2023, the KNMI presented new climate scenarios for the Netherlands (KNMI'23), which will be incorporated into the framework over the coming period.

5. KNMI'14-climate scenarios

BUILDING ADAPTATION

After analysing climate risks in portfolios for environmental risks and building characteristics, we will develop an adaptation plan with climate risk mitigation measures for unacceptably high-risk buildings. This will happen in 2025 at the latest. When designing and building new projects, we seek innovative and sustainable solutions that address climate risks. Examples include green roofs, heat-resistant materials and smart climate control technologies. This is how we make real estate portfolios resilient to the effects of climate change.

One Space - Delft

TRANSITION RISKS

De Nederlandsche Bank (the Dutch central bank) defines transition risks as risks that arise in the event of a large-scale energy transition that causes the value of investments in CO_2-intensive sectors to fall.[6] Transition risks are financial risks that arise from the transition to a carbon-neutral economy. These risks arise from a broad range of sources, including policy and regulatory changes, technological developments, market shifts and changing social norms and preferences. Transition risks can have a significant impact through changing cost structures and demand for products and services. They often require significant adjustments to operational processes, investment strategies and business models. The transition risks set out below have been defined for our organisation. One of the next steps is to understand the financial impact of these transition risks for our organisation.

Policy and legal

- Rising price of greenhouse gas emissions
- Tighter CO_2 reporting requirements
- Tighter regulation of real estate
- Legal proceedings

Technology

- Real estate improvements for lower emissions
- Cost of switching to new technologies with lower emissions

Market

- Changing investor and consumer behaviour
- Increased raw material costs

Reputation

- Shifts in investor and consumer preferences
- Stigmatisation of the sector
- Increased stakeholder concerns or negative feedback from stakeholders

6. Good Practices

Liability risks

Another risk arising from climate change is an increased risk of liability. Liability can relate to the consequences of your business activities that contribute to global warming, such as CO_2 emissions from construction activities.It can also involve liability for failing to deliver on the green promises you make as an organisation – greenwashing at its most extreme.

Opportunities

Alongside the risks, we also see opportunities in the transition to a greener economy. Our investments in climate mitigation and adaptive solutions not only contribute to resilience to climate change but can also be financially rewarding. This increases the attractiveness of our portfolio for tenants and investors. By reducing the carbon footprint of our portfolio and making it climate-proof, we moreover ensure that our buildings remain attractive through low running costs, and proactively anticipate changing laws and regulations. So not only are these investments good for the environment, but they are also expected to deliver better financial returns in the long term. By doing this, we strengthen our market position, significantly contribute to the fight against climate change and create value for our stakeholders.

5. OUR AMBITION AND RESULTS

As part of our ESG strategy, we have set several targets to reduce our contribution to climate change and prepare our property portfolios for a changing climate. We report progress on these targets annually through our ESG reporting, fund reports and by participating in the *Global Real Estate Sustainability Benchmark*. These reports are critical to help us understand the effectiveness of our strategy. We are pleased to elaborate on our objectives.

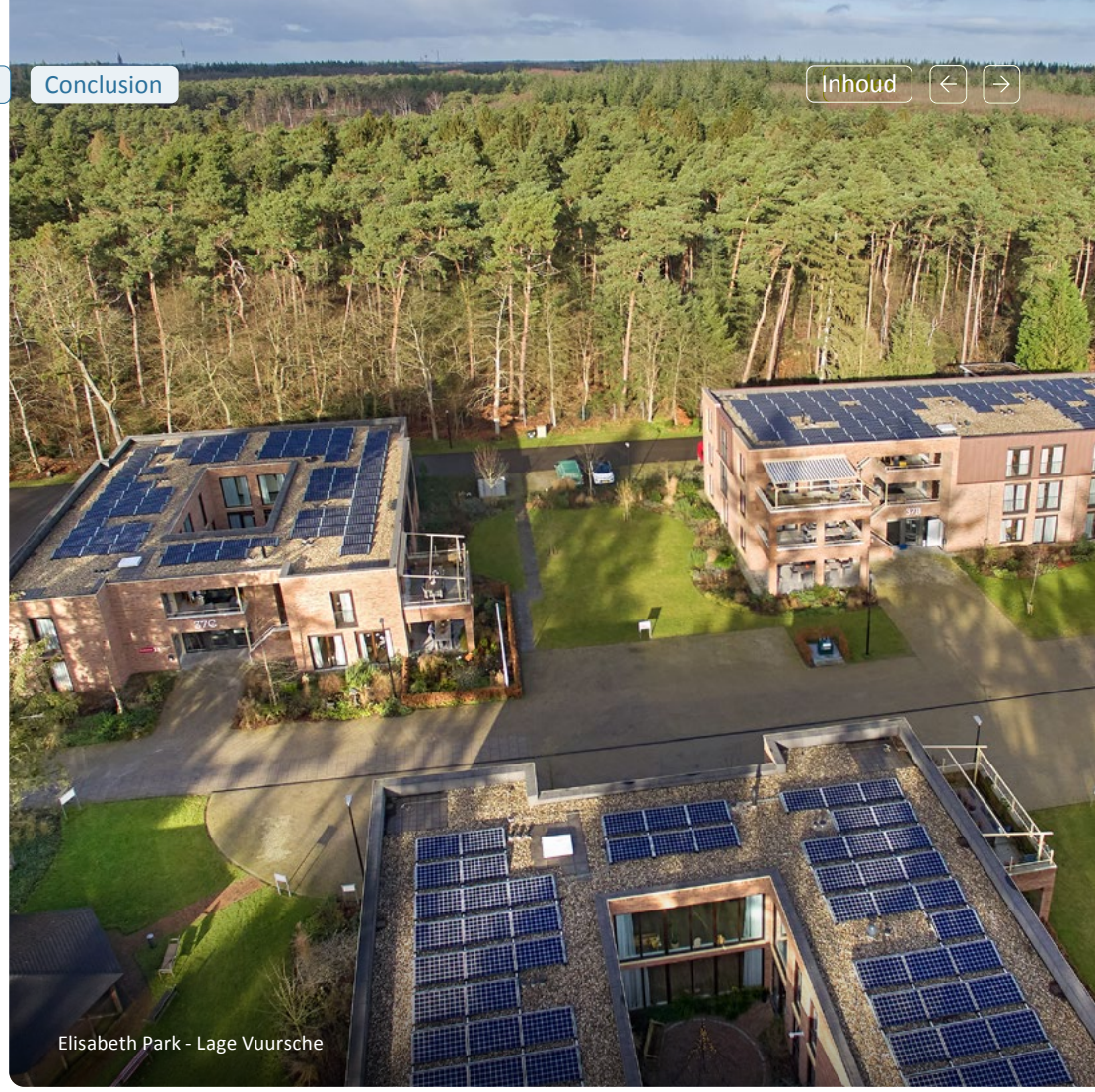
PHYSICAL SUSTAINABILITY

Carbon-neutral real estate

KPI: Carbon-neutral portfolio by 2050

A CO_2 dashboard monitors actual emissions from energy consumption during building use, to compare performance against the reduction target. Progress against this target is reported annually in the ESG report on our website. CO_2 emissions from the real estate portfolios are expressed in Scope 1, 2 and 3 and reported in accordance with the Greenhouse Gas Protocol guidelines:

- **Scope 1:** CO_2 emissions from gas consumption for the common parts of the buildings (owner's share).
- **Scope 2:** CO_2 emissions from electricity consumption and heat networks or district heating for the common parts of the buildings (owner's share).
- **Scope 3:** CO_2 emissions from energy consumption of the tenants of the buildings.

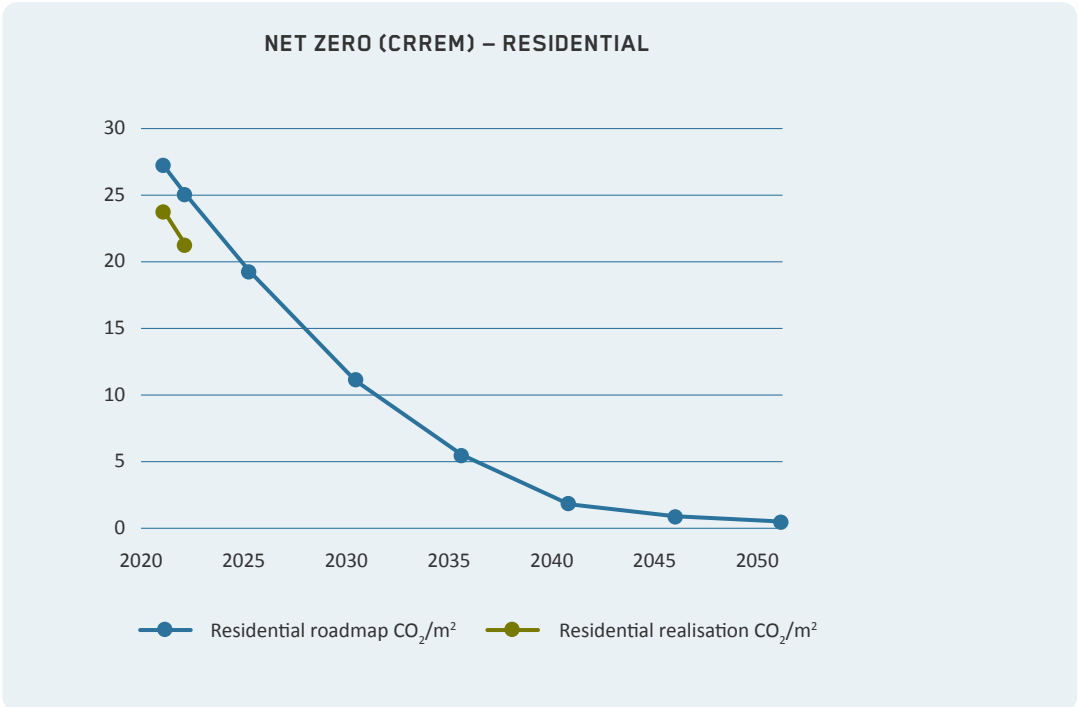

Elisabeth Park - Lage Vuursche

Residential

Total CO_2 emissions in 2022 were 21.3 kg of CO_2 per m^2 of floor area (-2.5 kg of CO_2 per m^2 compared to the previous year). Based on the available data, we can see that our sustainability measures are paying off: CO_2 emissions in this portfolio have now fallen by 52% compared to 1990, the reference year of the Dutch Climate Agreement. The average emissions of a Dutch household in 1990 were used to calculate the number of kilograms of CO_2 per m^2 in that year.

We do not yet have data from all connections, although we have taken many steps in recent years to increase data coverage. Only properties with complete data for a full year for all connections are included in the calculation of kilograms of CO_2 per m^2. The resultant data coverage is 76.5%. Total emissions from housing were 45.1 kilotonnes of CO_2, 95% of which are Scope 3 emissions (CO_2 emissions from tenant consumption). Absolute emissions includes all available data, even if the data for a property are incomplete (for example, electricity consumption is known, but gas consumption is not).

Figure 7: Net Zero CRREM Residential



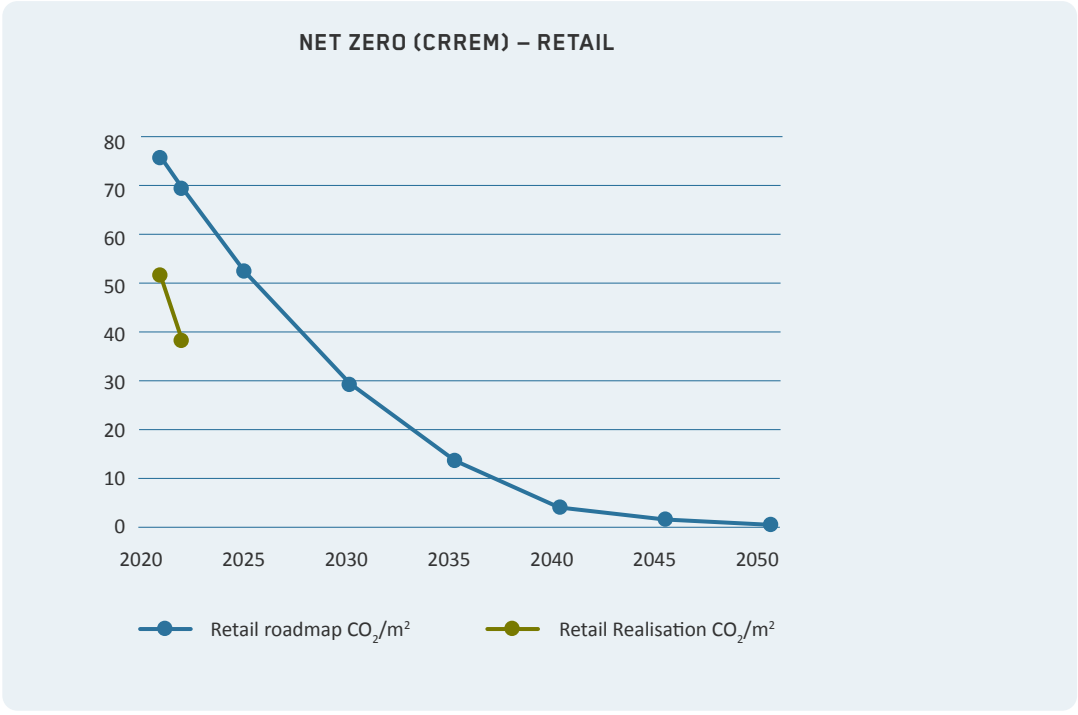
Retail

Total CO_2 emissions in 2022 were 38.5 kg of CO_2 per m^2 of floor area (-13.4 kg of CO_2 per m^2 compared to the previous year). CO_2 emissions in this portfolio are now 51% lower than in the 2018 reference year (the year in which sufficient data on the retail portfolio first became available). The significant decrease is probably due to the shut-downs during the COVID-19 pandemic. This decline may have a delayed impact on the consumption data we receive from the grid operators. As a result, there's a possibility that emissions rise in the upcoming years. We find that sharing consumption data is not always common practice among commercial tenants. Through our Green Lease and by talking to tenants, we will continue to receive more and more data. Only properties with complete data for a full year for all connections are included in the calculation of the CO_2 per m^2. Retail data coverage currently stands at 41.6% of floor area.

Total emissions from the retail assets were 9.88 kilotonnes of CO_2, 81% of which are Scope 3 emissions (CO_2 emissions from tenant consumption). The proportion of Scope 1 and 2 emissions is higher than in the residential portfolio; Scope 1 and 2 emissions relate to common areas. These common areas are larger at shopping centres, for example, than in homes. Absolute emissions includes all available data, even if the data for a property are incomplete (for example, electricity consumption is known, but gas consumption is not).

The average energy consumption in 2022 was 161.9 kWh per m^2. Gas consumption has significantly decreased in recent years: gas accounted for 39.2% of total energy consumption in 2018, dropping to just 13.1% in 2022.

Figure 8: Net Zero CRREM Retail

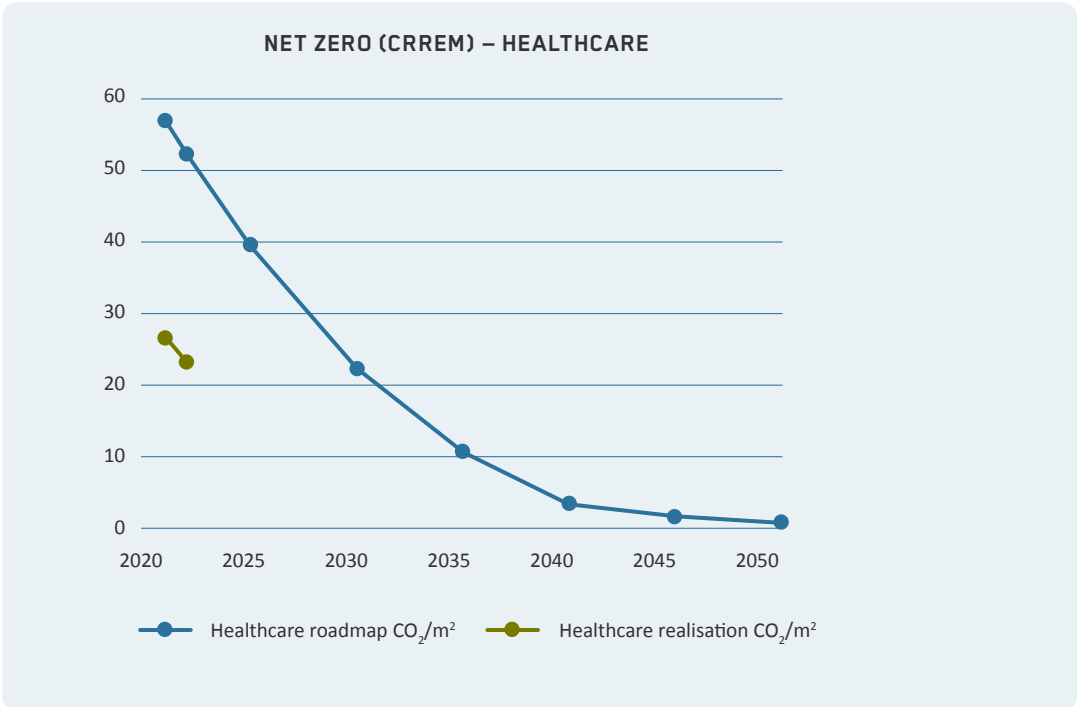


Healthcare

Total CO_2 emissions in 2022 were 23.0 kg of CO_2 per m^2 of floor area (-3.5 kg of CO_2 per m^2 compared to the previous year). CO_2 emissions in this portfolio are 50% lower than in the 2017 reference year (the year in which sufficient data on the healthcare real estate portfolio first became available). Only properties with complete data for a full year for all connections are included in the calculation of the CO_2 per m^2. Data coverage currently stands at 79.5%. Total emissions from the healthcare real estate portfolio were 3.42 kilotonnes of CO_2 (30% of which are Scope 1 and 2 emissions). Absolute emissions includes all data, even if the data for a property are incomplete (for example, electricity consumption is known, but gas consumption is not).

The average energy consumption in 2022 was 106.3 kWh per m^2. This portfolio still has a significant share of gas consumption (35.3% of total energy demand). In the coming years, the CO_2 reduction roadmap will be implemented to reduce gas consumption and the associated CO_2 emissions.

Figure 9: Net Zero CRREM Healthcare

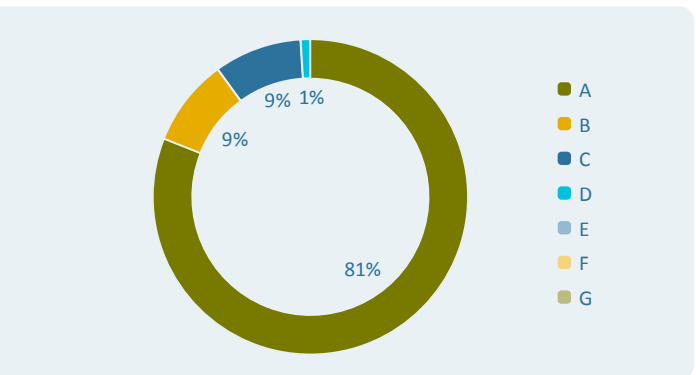


Energy labels

KPI: All buildings to have an energy label A by 2030

The energy label is an important indicator of a building's energy efficiency. Because we want to offer energy-efficient real estate, we only want to let out buildings with an energy label A or higher by 2030. To achieve this, we have enhanced the sustainability of our portfolio in recent years through better insulation, solar panels and new installations. Today, 81% of the portfolio has an energy label A or better, and for the remaining 19% the required actions are part of the reduction roadmaps.

Figure 10: Energy labels to Fair Value (31/12/2023)



Embodied carbon

KPI: Reduced embodied carbon in future investments

As making existing portfolios more sustainable has significantly reduced overall CO_2 emissions during the in-use phase, the CO_2 footprint during the construction phase has relatively increased. Extracting and processing materials into a building is a major source of these CO_2 emissions, also known as embodied carbon.

We have a clear vision of where embodied carbon can be reduced: by using materials that emit as little CO_2 as possible in their production and processing. These include biobased materials or circular materials that are easy to recycle without using additional energy. The transport distance from the extraction or processing site to the building site is also an important factor in the carbon footprint of construction. This can be reduced by choosing locally sourced materials and by using electric vehicles and electric equipment on the building site. In 2023, we determined that all this is measurable through an MPG (Environmental Performance of Buildings) component: Module A on CO_2 emissions and Module A combined with energy (integrated). The MPG is a number and represents the environmental performance of a building. This figure is based on a number of modules. One of these is Module A, which covers all the environmental impacts from the creation of a building to its completion. We will apply this to our projects in 2024.

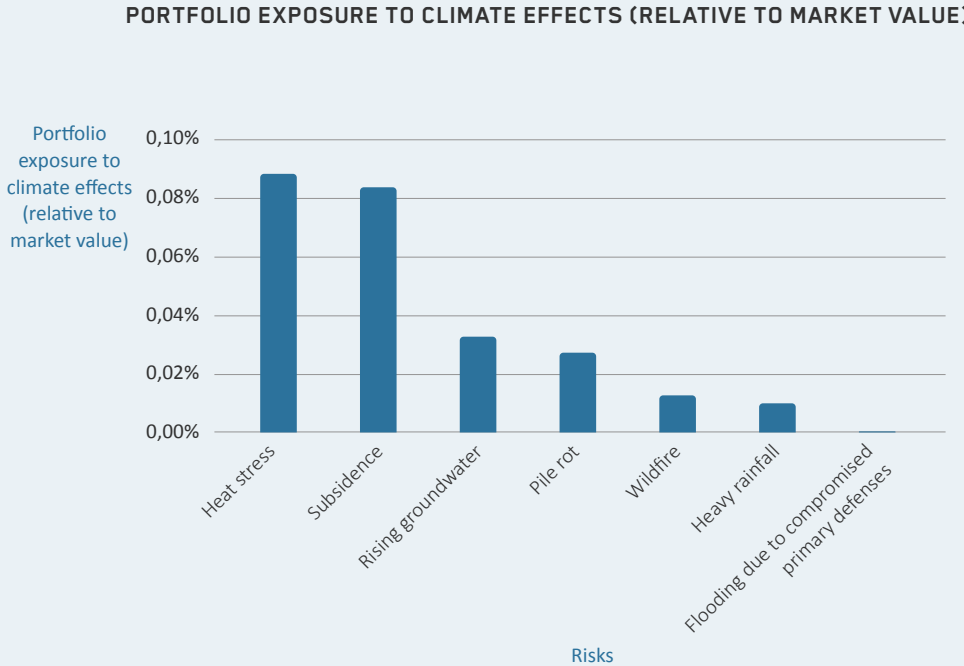
Climate risks and building adaptation

KPI: Climate risks for all buildings and preparing adaptation plans by the end of 2025

The climate risks of each building in the portfolio are defined based on the first part of the Framework for Climate Adaptive Buildings. This involves looking only at a building's environment. We have linked these risks to the financial loss that would occur if the risk were to materialise. This includes the probability of a risk occurring.

Some climate risks are easily insurable at present, but others are not. For example, damage caused by a fire is covered, as is the inconvenience caused by a brief but heavy downpour. Other risks are uninsurable or difficult to insure. An impact analysis must identify which climate risks are likely to have the most significant impact on real estate portfolios in the longer term. We see the highest risks in the adverse effects of wind chill and subsidence caused by differential settlement.

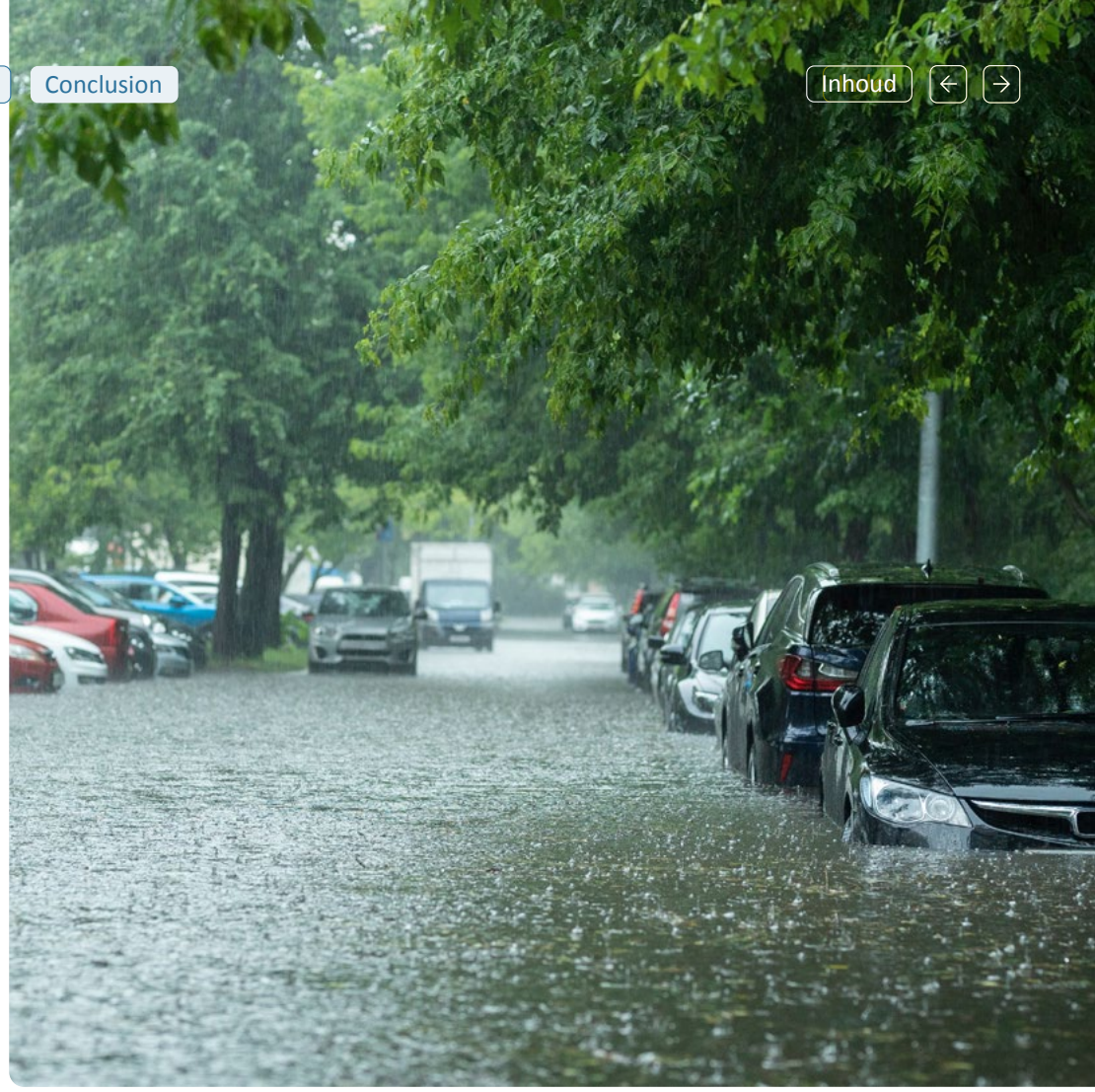
Figure 11: Portfolio exposure to climate effects (relative to market value)



The wind chill effect is particularly noticeable in urban areas, where many investment properties are located. Heat stress reduces the attractiveness of a property to rent, which can lead to vacancies and reduce the value of the property. Solutions could include awnings and more landscaping, including green roofs. For new buildings, this can be taken into account during the design stage. Location, layout and design also affect the perceived temperature within a building. We identify climate risks when purchasing new-build projects to ensure that we are not faced with surprises during the operating phase.

Subsidence is a risk in some regions of the Netherlands, particularly on peat or clay soils where buildings were constructed on steel foundations, as was common before 1975. Foundation testing may be required to rule out the risk of differential settlement in a pre-1975 property in a particular region. If subsidence actually occurs due to differential settlement, the damage can be significant.

The next step is to include building characteristics in the risk analysis. This is the second part of the Framework for Climate Adaptive Buildings. Once done, we will be able to prepare an adaptation plan for those buildings with unacceptably high risks. We aim to complete this by 2025 at the latest.



SUSTAINABLE RESULTS

Cooperation with suppliers

KPI: Agreeing and monitoring targets with our top five suppliers in 2024

We manage an extensive real estate portfolio with more than eight hundred residential, retail and healthcare properties. Increasing its sustainability is not something we can do alone. To this end, we work with partners such as property managers, contractors, maintenance companies and installers. We make specific ESG agreements with our top five suppliers and will monitor progress with these arrangements.

RESPONSIBLE ORGANISATION

Carbon-neutral organisation by 2030

KPI: Carbon-neutral organisation by 2030

In 2023, Achmea Real Estate's total gross CO_2 emissions were 0.73 kilotonnes (for Achmea as a whole this was 24.9 kilotonnes of CO_2). Achmea has offset its net carbon emissions using Gold Standard certificates. Between 2020 and 2022, the COVID-19 pandemic led to reduced emissions as office occupancy dropped and business travel decreased.

In 2023, emissions significantly fell below the levels of 2019, the year before the pandemic struck. During that year, gross emissions amounted to 51.5 kilotonnes of CO_{2e}, while net emissions were recorded at 31.7 kilotonnes of CO_{2e}.

Figure 12: CO_2 emissions of Achmea

	2021	2022	2023
Gross emissions per FTE (tonnes of CO_{2e})	1,9	2,1	1,8
Gross emissions of the organisation (Achmea) (kilotonnes of CO_{2e})	22,1	23,5	24,9
Net emissions of the organisation (Achmea) (kilotonnes of CO_{2e})	3,8	8,5	12,1

6. CONCLUSION

We realise that further global warming will have significant consequences for present and future generations. In our role as a real estate asset manager, we do our utmost to avoid adverse effects for our stakeholders. First, by minimising the contribution of our activities to further warming; second, by adapting the real estate in our clients' portfolios to changing circumstances.

Our ambition is clear: we are actively working to reduce our CO_2 emissions so that we can demonstrate that our real estate portfolios are truly carbon neutral by 2050. Climate risks and opportunities will be an integral part of our decision-making and we will continue to report on our progress.

More information on our sustainability initiatives can be found in our latest ESG report and on our website: Achmea Real Estate ESG.

More information about Achmea Real Estate can also be found on our website: Achmea Real Estate.

GLOSSARY

Almost Energy-Neutral Buildings (Bijna Energieneutrale Gebouwen, BENG): The standard for new buildings in the Netherlands, requiring them to have very low energy consumption, mainly from renewable energy sources. The standard is set using three indicators: the energy demand of the building, the primary fossil energy consumption and the proportion of renewable energy. BENG was introduced to help promote the sustainability of the built environment according to the European Energy Efficiency Directives.

Carbon offsetting: Carbon offsetting means that emissions of greenhouse gases, including CO_2, are offset for an organisation, activity, product or process, for example by planting trees.

Carbon Risk Real Estate Monitor (CRREM): The Carbon Risk Real Estate Monitor is a European-funded model that sets specific thresholds and CO_2 reduction paths for real estate. This internationally recognised standard allows us to make an informed choice of scenario to reduce CO_2 emissions from our real estate portfolio.

CO_2: carbon dioxide is a gas that occurs naturally in the atmosphere. However, as a result of human activity, the amount of CO_2 in the atmosphere has increased dramatically over the last 150 years. The primary cause is the burning of fossil fuels such as coal, oil and gas. CO_2 is the main greenhouse gas. The Earth's climate is changing because the quantity of greenhouse gases has increased so much.

Climate neutral (net-zero or carbon-neutral): Climate neutral means that certain activities do not increase the greenhouse gas effect. In other words, they do not contribute to the amount of CO_2 and other greenhouse gases in the atmosphere. This can be achieved by significantly reducing greenhouse gas emissions and removing them from the atmosphere, for example by planting trees. Climate neutral, net-zero or carbon-neutral are often used as synonyms.

Embodied Carbon: The total quantity of greenhouse gas emissions from producing and transporting building materials and constructing buildings and infrastructure. It includes the CO_2 emissions from the entire life cycle of a construction project, including extracting the raw materials, producing the building materials, transporting them to the construction site and finally constructing the building.

Energy label: The energy label shows how energy efficient a building is and what you can do to make it more energy efficient. An energy label is mandatory when real estate is sold, let or completed. Energy labels are registered with EP-online (Netherlands Enterprise Agency). This is the official national database in which energy consultants can register energy performance indicators and energy labels.

Intergovernmental Panel on Climate Change (IPCC): the Intergovernmental Panel on Climate Change (IPCC) is a United Nations organisation that evaluates the risks of climate change. The panel is made up of hundreds of experts from around the world, from organisations such as universities, research centres, businesses and environmental organisations.

DISCLAIMER

Achmea Real Estate is a trade name of the private limited company Syntrus Achmea Real Estate & Finance B.V., with its registered office and principal place of business in Amsterdam (Chamber of Commerce no. 33306313). Achmea Real Estate is an asset manager specialising in solutions for individual and collective investments in real estate. Achmea Real Estate is licensed by the Dutch Authority for the Financial Markets (AFM) under Section 2:65(a) of the Financial Supervision Act (Wft) to manage alternative investment funds and to provide the investment services of individual asset management and investment advice to professional investors as defined in Section 1:1 Wft.

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The value of investments can fluctuate. Past performance is no guarantee for the future. All information in this document is owned by or licensed to Achmea Real Estate and is protected by intellectual property rights.

This report contains climate-related statements, such as emission reduction targets and statements about Achmea's current intentions regarding its climate objectives. These are based on the information, knowledge and views on the date of publication of this report.

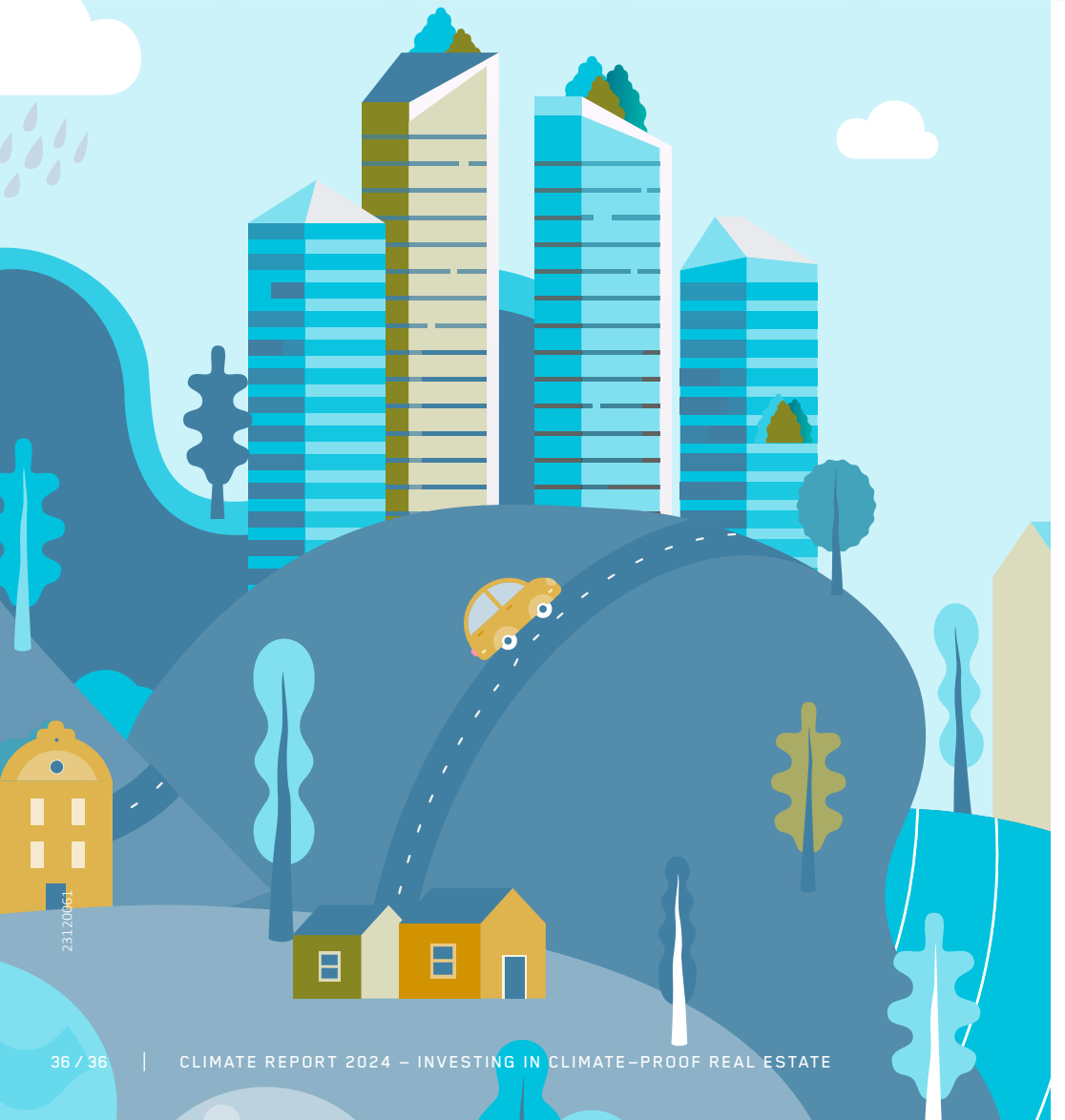
New climate insights, new legislation and technological developments emerge all the time. Methods for measuring CO_2 and setting reduction targets are under development. Data availability and quality often still create issues. Data quantity and quality are expected to improve in the coming years. As this is also a source of new insights, it may lead to interim adjustments to our goals and plans. We will therefore update this plan each year.

Although Achmea believes that the objectives and plans are well-founded and have been prepared to the best of its knowledge and belief, they are not definite and are subject to various known and unknown risks. For example, the objectives, plans and measures can be affected by factors including, but not limited to:

- Changes in government policies, regulations and laws as well as their interpretation and application.
- Availability of reliable data such as greenhouse emissions data or energy labels.
- Uncertainties and changes in and the use of emission and other calculation methodologies and models for measuring greenhouse gas emissions or setting reduction targets.
- New or changed scientific insights into climate change.

Sustainability claims relating to our business operations, investments and financing, and our products or services are tested against behavioural and other guidelines on disclosure standards. Competition rules are respected when Achmea enters into partnerships.

Information may be incomplete or inaccurate despite Achmea's constant care and attention in compiling this plan. Changes can be made immediately and without notice. While we regret any inaccuracies or outdated information, Achmea accepts no liability for this. This report has not been audited by an external auditor.



23120061

PUBLICATION DETAILS

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Graphic design
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March 2024

Participating funds
Achmea Real Estate fondsen: Achmea Dutch Residential Fund,
Achmea Dutch Retail Property Fund, Achmea Dutch Health Care Property Fund

Separate accounts
Achmea Pensioen- en Levensverzekeringen (AP&L), BPL Pensioen,
Rabobank Pensioenfonds, Stichting PME Pensioenfonds