



Achmea B.V.

Green Finance Framework

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Achmea Green Finance Framework

1. Achmea Sustainability Approach

Achmea is a leading financial service company with a mutual identity based in the Netherlands with more than 13 million retail and business customers, mainly in the Netherlands. Achmea is also active in Greece, Turkey, Slovakia and Canada, and has a partnership with Rabobank in Australia.

In the Netherlands, Achmea has three leading brands in addition to the Achmea brand itself: Centraal Beheer, Zilveren Kruis and Interpolis. We offer insurance products, including health, life and non-life. Our subsidiary Achmea Bank also offers retail mortgage loans and savings products. For our institutional clients we provide pension and asset management services through Achmea Investment Management and Syntrus Achmea Real Estate & Finance.

Achmea wants to create sustainable value for all our stakeholders including customers and society. Together with partners we work on solutions that contribute to a sustainable and inclusive society. Based on our cooperative identity, we strive for a society in which everyone can participate. We believe this leads to greater well-being on an individual level as well as for society as a whole. We have the ambition to contribute solving social issues, especially in the following four domains:

- Bringing healthcare closer
- Smart mobility
- Carefree living & working
- Income for today and tomorrow

Achmea also wants to contribute to the Sustainable Development Goals (SDGs) of the United Nations. In particular, we want to make an impact on the following SDGs:

- SDG 3 (Good health and well-being)
- SDG 11 (Sustainable cities and communities)
- SDG 13 (Climate Action)

These three SDGs touch on major trends and risks that our customers and society face and are closely related to Achmea's core business. Achmea wants to lead the way when it comes to sustainability. Key areas where Achmea makes a difference include:

- **Climate Change**

Achmea's cooperative identity shapes its belief in the importance of contributing to the goals as set out in the Paris Climate Agreement: to restrict the average global temperature increase to a maximum of 1.5-2 degrees Celsius. Cooperative literally means 'willing to work together'. As a society we can only accomplish the Paris Climate Agreement goals by working together, with individual parties taking their share of responsibility. We therefore view this a moral choice and a necessary one, as this is basically aligned with the management of risks. Climate change has an impact on Achmea in a variety of ways. It causes an increase in the amount of damage: physical damage to the built environment, but potentially also economic, social and health-related damage. This has repercussions for our customers (consumers/employers), partners as well as for Achmea itself. We could well be confronted with a higher cost of claims and/or be exposed to additional risks via our investments in specific sectors. In addition, climate change affects the development of new (sustainable) products and services both by Achmea and other parties. We do this on the basis of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Achmea has formulated a strategy for climate-related issues that is made up of four building blocks:

1. Improving knowledge and understanding of the risks relating to climate change for our customers and Achmea by monitoring developments and conducting research into their impact.
2. Creating awareness of the risks of climate change by conducting dialogue with customers and society, for example through the Climate Adaptation Monitor.
3. Developing investment, insurance, savings and funding propositions and services for our customers

in order to restrict climate-related damage or loss (adaptation) and help them reduce their carbon footprint (mitigation). Also, incorporating insights from climate risks into risk management and acceptance frameworks, such as catastrophe risk, by translating these insights into the models that Achmea uses to define insurance risks and subsequently applying them within the reinsurance program.

4. Achieving CO₂-neutral business operations by 2030 and reducing the climate footprint, as well as fostering the energy transition through Achmea's investments. The goal for our liquid investment portfolio (stocks and credits) is net zero by 2040 which will be tracked by setting intermediary targets. The goal for our real estate portfolio is minimum energy label A in 2030 and an average energy label A by 2030 for our mortgage portfolio.

- **Responsible Investment**

Achmea is a major insurance company and pension fund manager in the Netherlands and, as such, a significant investor. We invest the resources from our insurance activities, such as premiums, for our own account and risk. We also invest the assets that customers entrust to us, such as the assets of pension funds we manage or assets in the investment accounts of our customers, through Achmea Investment Management, Achmea's asset manager. Achmea allocates all the investments in a socially responsible way. We apply a five-step process when putting Achmea's socially responsible investment (SRI) policy into practice. Promises are made in each step. We use a range of instruments to fulfil those promises.

1. *Measurement:* We measure the social risks and impact of our investment portfolio. We want to know what is happening at the social level with our investment portfolio. Consequently, the starting point of our SRI process is measuring the social risks and impact. We do this for climate change by measuring the carbon footprint of our investment portfolio. In broader terms, we have our portfolio screened for exposure to actual or threatened violations of international standards such as the UN Global Compact, OECD guidelines and UN Guiding Principles.
2. *Setting standards:* We exclude irresponsible activities from our investments and reduce their negative impact. We set minimum social standards that our investments are obliged to meet. By definition, some commercial activities, such as tobacco and controversial weapons, do not suit Achmea. Also, by definition, we do not invest in countries that structurally violate international standards. Other economic activities with a negative impact, such as burning fossil fuels to generate electricity, are still required for our daily life. We exclude coal companies with the largest greenhouse gas emissions and companies that cause the most serious environmental pollution¹. We reduce the negative climate impact of our investment portfolio by reducing its carbon footprint.
3. *Influence:* We are an engaged investor and exercise our influence to resolve social challenges. As a large investor, we can exercise a lot of influence over the policies of companies we invest in. Ideally, we work with the companies in our portfolio to find solutions for social problems by entering into dialogue (engagement) with those where we have identified social challenges. We also attend shareholders' meetings and vote according to our guidelines.
4. *Making an impact:* We invest with a positive social impact. The previous steps are focused mainly on avoiding or reducing adverse impact but in this step we turn this around. Some of our investments have the explicit aim, apart from a responsible investment result, of making a positive impact on the local environment. We are specifically aiming to make a real impact. We believe that an impact is only real if it is intentional and measurable. We take account of social challenges in ESG integration when selecting individual investment instruments.
5. *Reporting:* We are transparent and explain what we stand for and what we do in order to realize our sustainability ambitions. Achmea speaks regularly with stakeholders, such as social institutions, the government and our customers and we are, for example, a member of the Agreement for International Responsible Investment in the Insurance Sector. We assess our SRI policy by the UN PRI, Fair Insurance Guide (Eerlijke Verzekeringswijzer) and the VBDO. Achmea embeds its SRI policy in the SDGs of the United Nations, specifically SDGs 3 (Good health & well-being), 11 (Sustainable cities and communities) and 13 (Climate action). Our policy is focused, in line with these SDGs, on five core themes:

¹ For more information, please see the Exclusion Policy.

- Human rights
 - Labour standards
 - Nature & Environment
 - Health
 - Climate
- **Embedding ESG issues in decision making relevant to Achmea's insurance business**
 The insurance industry and the United Nations (UNEP FI) have agreed on principles for sustainable insurance. These have been laid down in the Principles for Sustainable Insurance (PSI). Being one of the initiators, Achmea signed the PSI in June 2012. We insure in excess of 8 million people in the Netherlands, and are thereby very relevant. Our insurance and services need to contribute to our customers' lives, as well as manage the impact of current risks: growing healthcare costs, population ageing and climate change.

2. Achmea Green Finance Framework

This Green Finance Framework ("the Framework") is based on the Green Bond Principles (ICMA, 2021) and the Green Loan Principles (LMA/APLMA, 2021). These voluntary process guidelines are developed by means of multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promote the development and integrity of the green finance market. The Achmea Green Finance Framework is presented through the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External review




This Framework defines the loans or investments eligible to be funded by the proceeds of Green Finance Instruments issued by Achmea B.V. and its subsidiaries. In addition, the Framework outlines the process used to identify, select and report on eligible loans or investments and how the management of proceeds of Green Finance Instruments is organized. Under this Framework, Achmea B.V. and its subsidiaries may issue Green Finance Instruments in various formats, such as, but not limited to, RMBS, Covered Bonds, Senior (Non-) Preferred Debt, Senior Unsecured Debt, Subordinated Bonds and Credit Facilities. The documentation for any Green Finance Instruments issued by an entity within the Achmea Group can make reference to this Framework under the Use of Proceeds section.

As both the Green Bond Principles and the green financing market overall are evolving rapidly, this Framework may be further updated and/or expanded. Any future version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external party (External review).

3. Use of Proceeds

Achmea intends to allocate the net proceeds of its (future) Green Finance Instruments to (in)directly finance and/or refinance in whole or in part eligible green loans and/or investments (together "Eligible Green Projects") relating to 1) new and existing energy efficient residential buildings in the Netherlands (Residential Real Estate) and 2) energy efficient commercial buildings in the Netherlands and internationally (Commercial Real Estate). As long as the size of the total Eligible Green Projects (together the "Eligible Green Project Portfolio") exceeds the outstanding Green Finance Instruments, Achmea can issue these instruments in a green format.

The “Eligibility Criteria” for qualification of Eligible Green Projects are as follows:

GBP/GLP Category	Eligibility Criteria	UN SDGs Target	Core UN SDGs Target	EU Environmental Objective
Green Buildings	<p>Residential Real Estate:</p> <p>a) Residential properties in the Netherlands built before 31 December 2020:</p> <p style="padding-left: 20px;">i. Existing residential buildings with an Energy Performance Certificate (EPC) label “A” , and belonging to the top 15% low-carbon residential buildings in The Netherlands²</p> <p>b) Residential properties in the Netherlands built as of 1 January 2021:</p> <p style="padding-left: 20px;">i. New or existing Dutch residential buildings that meet the categorization of Nearly Zero Emissions Building (NZEB) – 10%</p> <p>c) Refurbished Residential buildings in the Netherlands with an improved energy efficiency of at least 30% In terms of EPC labels, this is equivalent to two-step EPC label improvement</p>	  	<ul style="list-style-type: none"> • Target 7.3: By 2030, double the global rate of improvement in energy efficiency • Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries • Target 13.2 : Integrate climate change measures into national policies, strategies and planning 	<ul style="list-style-type: none"> • EU Environmental Objective (1): Climate Change Mitigation • Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption
	<p>Commercial Real Estate:</p> <p>a) New or existing commercial buildings with an Energy Performance Certificate (EPC) label “A” in The Netherlands built before 31 December 2020</p> <p>b) New or existing commercial buildings that meet the categorization of Nearly Zero Emissions Building (NZEB) - 10%</p> <p>c) New, existing or refurbished commercial buildings which received at least one or more of the following classifications: LEED “Gold” and above, BREEAM “Excellent”, HQE “Excellent”, DGNB “Gold” and above, or equivalent or higher level of certification</p> <p>d) Refurbished Commercial buildings with an improved energy efficiency of at least 30%</p>			

4. Process for Project Evaluation and Selection

Projects financed and/or refinanced through the proceeds of the issue of Green Finance Instruments are evaluated and selected based on compliance with the Eligibility Criteria. When identifying Eligible Green Projects and their non-financial impacts Achmea may rely on external consultants and their data sources.

The Green Finance Committee will manage any future updates of the Framework, including expansions to the list of eligible categories, and oversee its implementation. The Green Finance Committee will be composed of representatives from Corporate Finance, Group Sustainability, Investor Relations and Achmea Bank as well as subject matter experts from the various sectors responsible for the allocated assets, and will align and report to the Group Asset Liability Committee (ALCO).

The residential and commercial mortgages selection is based on the Eligibility Criteria defined in the section above (Use of Proceeds). Achmea will rely on the support of the Dutch valuation service agency Calcasa. Achmea will match its database of mortgages against the database provided by Calcasa. Calcasa sources the underlying data with regards to definitive Energy Performance Coefficients directly from the Netherlands

² Refer to our Green Buildings Methodology Assessment document available on our website and prepared by CFP.

Enterprise Agency (the Rijksdienst voor Ondernemend Nederland, RVO). Where definitive Energy Performance Coefficients are not available, Calcasa will calculate them using the RVO's methodology for determining Dutch Residential Energy Performance Coefficients.

Achmea is aware of the fact the EU Taxonomy and the EU Green Bond Standard (EU GBS) require that Eligible Green Projects should not only contribute to at least one of the EU Environmental Objectives, but should also do no significant harm ('DNSH') to any other EU Environmental Objective. Achmea safeguards that all selected Eligible Green Projects comply with official national and international environmental, social standards, local laws and regulations on a best efforts basis. It is part of Achmea's transaction approval process to ensure that the Eligible Green Projects comply with Achmea's sustainability policy, including those financed with the proceeds of any Green Finance Instruments issued under this Framework. Achmea's sustainability statement can be found at: <https://www.achmea.nl/-/media/achmea/documenten/duurzaam/sustainability-statement.pdf> and the Responsible Investment Policies can be found at: <https://www.achmea.nl/en/sustainability/responsible-investment/exclusion-policy>.

5. Management of Proceeds

The proceeds of the Green Finance Instruments will be managed by Achmea on a consolidated basis in a portfolio approach. Achmea intends to allocate the proceeds from the Green Finance Instruments to a portfolio of Eligible Green Projects that meets the Use of Proceeds Eligibility Criteria and in accordance with the evaluation and selection process presented above.

Achmea is able to issue Green Finance Instruments in order to finance its Eligible Green Project Portfolio as long as that portfolio exceeds the outstanding Green Finance Instruments. Achmea will strive, over time, to achieve a level of allocation for the Eligible Green Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Additional Eligible Green Projects will be added to the Issuer's Eligible Green Project Portfolio to the extent required.

Pending the allocation of the net proceeds of Green Finance Instruments to Eligible Green Projects, Achmea will hold and/or invest, at its own discretion, the balance of net proceeds not yet allocated to the Eligible Green Project Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments.

6. Reporting

The Green Bond Principles and Green Loan Principles require Achmea to provide information on the allocation of proceeds. In addition to information related to the projects to which proceeds of the Green Finance Instruments have been allocated, the Green Bond Principles and Green Loan Principles recommend communicating on the expected impact of the projects.

Achmea will align, on a best effort basis, the reporting with the portfolio approach described in "*Handbook - Harmonized Framework for Impact Reporting (June 2021)*".

The reporting basis for all Achmea Green Finance Instruments and other potential green funding is the Eligible Green Project Portfolio and aggregated reports will be prepared for all of Achmea's Green Finance Instruments and other potential green funding outstanding.

Achmea will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio after a year from the issuance of the applicable Green Finance Instruments, to be renewed annually, or until full allocation of the net proceeds of Green Finance Instruments. Reporting will be available on Achmea's website.

Allocation Reporting

To the extent practicable, Achmea will provide:

- The total amount of proceeds allocated to Eligible Green Projects
- The number of Eligible Green Projects
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

Impact Reporting

Where feasible, Achmea may report on the environmental impacts of the Eligible Green Project Portfolio funded with the proceeds of Green Finance Instruments, or refer to existing sustainability and CSR reporting. Key impact reporting indicators for Achmea's Use of Proceeds may include:

- Estimated ex-ante annual energy consumption in KWh/m²
- Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent
- Rentable area (m2) of commercial real-estate certified to an eligible green building standard

7. External review

Pre-issuance verification: Second Party Opinion

This Achmea Green Finance Framework has been reviewed by ISS ESG who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Finance Framework will be made available to the Green Finance investors.

Post-issuance verification: Limited assurance on the Allocation Report

Achmea may request, one year after issuance or after full allocation, a verification by its external auditor (EY or any subsequent external auditor) of a management statement on the allocation of the proceeds of Green Finance Instruments to the Eligible Green Project Portfolio.

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