



Achmea Green Finance Framework

Zeist | February 2022

A photograph of a modern building with large glass windows and a wooden deck overlooking a pond with several koi fish. The scene is set outdoors with green plants in the foreground and a clear blue sky. A white rectangular box is overlaid on the center of the image, containing the text 'Achmea Sustainability Strategy'.

Achmea Sustainability Strategy

Profile:

We are a financial service provider by and for customers

Ambition:

Achmea creates sustainable value for its customers, employees and company and society at large

Mission

Together we solve major social issues in the domains:



Bringing healthcare closer



Smart mobility



Carefree living & working



Income for today and tomorrow

Building blocks

1.

Large customer base

2.

Skilled employees

3.

Strong partnerships

4.

Expertise in data & digital

5.

Outstanding financial position

achmea 


Interpolis.
Glashelder

 Zilveren
Kruis


Centraal
Beheer

Our Values are

Passionate Contemporary Ambitious Proud Decisive

Sustainability is in the core of our strategy: Sustainable Living. Together.

We commit ourselves to a net zero strategy



Achmea is committed to the Paris Agreement and a member of the Net Zero Insurance Alliance (NZIA) and the Partnership for Carbon Accounting Financials (PCAF). This ensures a transition strategy that is comparable, measurable and based on Science Based Targets.

Sustainability in products and services

- Transition our insurance portfolio to net-zero greenhouse gas emissions by 2050
- Measure and disclose insured emissions based on the availability of standardised protocols
- Offer our customers solutions to adapt to climate change (e.g. green roofs, insurance coverage for weather events) and the transition to a low carbon economy (e.g. solar panels and sustainable repairs)

Sustainability in investments

- Net zero emissions own risk investments in equities and credits by 2040

Sustainability in business operations

- Climate neutral business operations in 2030
- Energy consumption reduced as much as possible and, where possible, generate it locally
- Procurement 100% circular and energy efficient products and materials

Our Approach to Climate Change

Our approach to dealing with the repercussions of climate change

- Achmea reports in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
- Impact of climate risks on:
 - **Insurance business:** adapt to physical and transition risk of climate change by offering insurance and services to customers that help to prevent or limit the damage caused by climate change and transition to a low carbon economy.
 - **Investments:** further develop the investment policy for socially-responsible investment and transition the own risk portfolio in equities and credits to net zero in 2040
 - **Business operations:** no major climate-related risks for our business operations and transition to net zero in 2030



Achmea has formulated a strategy for climate-related issues which includes 4 building blocks



Improving knowledge and understanding

Improving knowledge and understanding of the risks relating to climate change for our customers and Achmea



Creating awareness

Creating awareness of the risks of climate change by conducting dialogue with customers and society



Develop proposition and services

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).



Achieve CO2-neutral business by 2030

Achieving CO2-neutral business operations by 2030 and reducing the climate footprint of our investment and insurance portfolio, as well as fostering the energy transition via Achmea's investments.

Our role in society as an investor

- Achmea is a major insurance company and pension fund manager and, as such, a large investor. We invest in assets through our own asset managers: Achmea Investment Management and Syntrus Achmea Real Estate and Finance.
- Achmea makes these investments in a socially responsible way. We apply a five-step process when putting Achmea's socially responsible investment (SRI) policy into practice
- Every six months Achmea publishes a SRI report on its policy and realised performance



Five-step process to put Achmea SRI policy into practise

1. **Measurement:** We measure the social risks and impact of our investment portfolio. We have our portfolio screened for exposure to actual or threatened violations of international standards
2. **Setting standards:** We exclude irresponsible activities from our investments and reduce their negative impact. We set minimum social standards that our investments have to meet
3. **Influence:** We are an engaged investor and exercise our influence to resolve social challenges by entering into dialogue (engagement) and attend shareholders' meetings and vote according to our guidelines
4. **Making an impact:** We invest with a positive social impact. We are specifically aiming to make real impact, which is only real if it is intentional and measurable
5. **Reporting:** We are transparent and explain what we stand for and what we do, and speaks regularly with stakeholders

Our sustainable performance is assessed in a number of benchmarks and compared to the performance of other organizations



Ministerie van Economische Zaken

The **Dutch government** carries out a bi-annual Transparency Benchmark amongst the 500 largest companies in the Netherlands that aims to measure their transparency in reporting on CSR. Achmea ranked 16th out of 53 banks and insurers in 2021



In 2021, Achmea B.V received a rating of AA (on a scale of CCC-AAA) in the **MSCI ESG Ratings** assessment



Achmea's ESG Risk Rating is 18.7 (Low Risk) and the management score is qualified as strong by **Sustainalytics**



Achmea Investment Management signed the **Principles for Responsible Investment (PRI)** in 2007. In 2020, Achmea Investment Management received an excellent assessment, achieving an A or A+ in every requested module and investment category



The benchmark of the **Dutch Association of Investors for Sustainable Development (VBDO)** is a key indicator for our sustainable investment performance. In 2021, Achmea ranked fourth in this benchmark.



Achmea shows a **high sustainability performance** against the industry peer group on key ESG issues faced by the Insurance industry. The issuer is rated 50th out of 194 companies within its industry

A photograph of a modern building with a glass facade and a wooden deck overlooking a pond with koi fish. The building has a blue-tinted glass exterior and a wooden walkway. The pond is filled with water and several koi fish, including orange and white ones. There are green plants in the foreground and background. A white banner with text is visible on the right side of the building.

Achmea Green Finance Framework

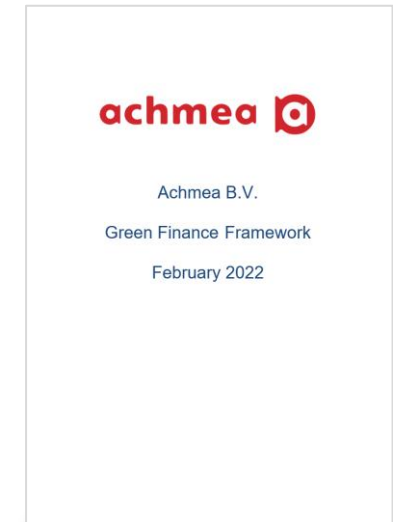
Achmea's Rationale for issuing Green Finance Instruments

Issuing Green Finance Instruments is in line with Achmea's ESG strategy and ambition

- Green Finance Framework complements Achmea's ESG strategy and ambition
- Achmea's aim is to contribute to the transition to a sustainable economy by investing our assets responsibly
- Achieving CO2-neutral business operations by 2030 and reducing the climate footprint, as well as fostering the energy transition via Achmea's investments
- Green Finance Instruments are an effective tool to channel investments towards assets that have demonstrated climate benefits or support a low-carbon economy

Aligning funding strategy with sustainability strategy and objectives

- Funding assets mitigating climate change by reducing emissions and having a positive impact
- Contributing to Dutch Climate Agreement
- Committing to Achmea's commitment to sustainability and society (UN SDGs)
- Contributing to the development of sustainable financial markets
- Diversifying of Achmea's investor base and product range



Introduction to the Achmea Green Finance Framework

Introducing Achmea's Green Finance Framework

- Achmea Group and its subsidiaries may issue Green Finance Instruments under this Green Finance Framework
- Eligible Green Projects are selected based on compliance with the eligibility criteria in the Framework

Framework follows best practice and latest market developments

- This Green Finance Framework is based on the Green Bond Principles (ICMA, 2021) and the Green Loan Principles (LMA/APLMA, 2021)
- Recommendations of the TEG report and delegated acts on the EU Taxonomy and proposal for an EU Green Bond Standard
- Do No Significant Harm (“DNSH”) elements associated are mitigated through a reliance on national and international legislation






Use of Proceeds

Green Buildings form the cornerstone of Achmea's Green Finance Framework

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 relating to:

1. New and existing energy efficient residential buildings in the Netherlands;
2. Energy efficient commercial buildings in the Netherlands and internationally

| GBP/GLP Category | Eligibility criteria | UN SDG Target |
|------------------|--|--|
| Green Buildings | <p><u>Residential Real Estate:</u></p> <ol style="list-style-type: none"> a) Residential properties in the Netherlands built prior to 31 December 2020: <ol style="list-style-type: none"> i. Existing residential buildings with an EPC label "A" , <u>and</u> belonging to the top 15% low-carbon residential buildings in the Netherlands b) Residential properties in the Netherlands built as of 1 January 2021: <ol style="list-style-type: none"> i. New or existing residential buildings that meet the NZEB¹ minus 10% c) Refurbished Residential buildings in the Netherlands with an improved energy efficiency of at least 30% |   |
| | <p><u>Commercial Real Estate:</u></p> <ol style="list-style-type: none"> a) New or existing commercial buildings with an EPC label "A" in The Netherlands built before 2021 b) New or existing commercial buildings that meet the categorization of NZEB¹ minus 10%, if possible and on a best effort basis 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 d) Refurbished Commercial buildings with an improved energy efficiency of at least 30% |  |

Note [1] Nearly Zero Emissions Building

CFP Green Buildings developed a methodology report for the Green Residential Buildings

Methodology report developed by external consultant CFP Green Buildings:

- CFP Green Buildings, a specialised consultant, helped to develop the approach for identifying the top 15% low-carbon residential buildings in the Netherlands
- In the Netherlands, buildings with an EPC label A comprise 19% of the total residential building stock. Therefore, year of construction is included as an additional criteria to define the top 15%
- If 2002 is selected as the cut-off year of construction, the EPC label A accounts for 14.6% of the building stock
- Achmea has conservatively selected 2004 as the cut-off year

Residential Buildings with primary energy demand of NZEB minus 10%

- EU Taxonomy: buildings should outperform the NZEB requirements by at least 10% in primary energy demand
- In the Netherlands, this is best presented in terms of BENG 2 (max. primary fossil energy usage in kWh/m²/p.a.)
- A 10% improvement results in:
 - Ground based houses: 27kWh/m²/p.a.
 - Flats and apartments: 45kWh/m²/p.a.



Project Evaluation and Selection & Management of Proceeds

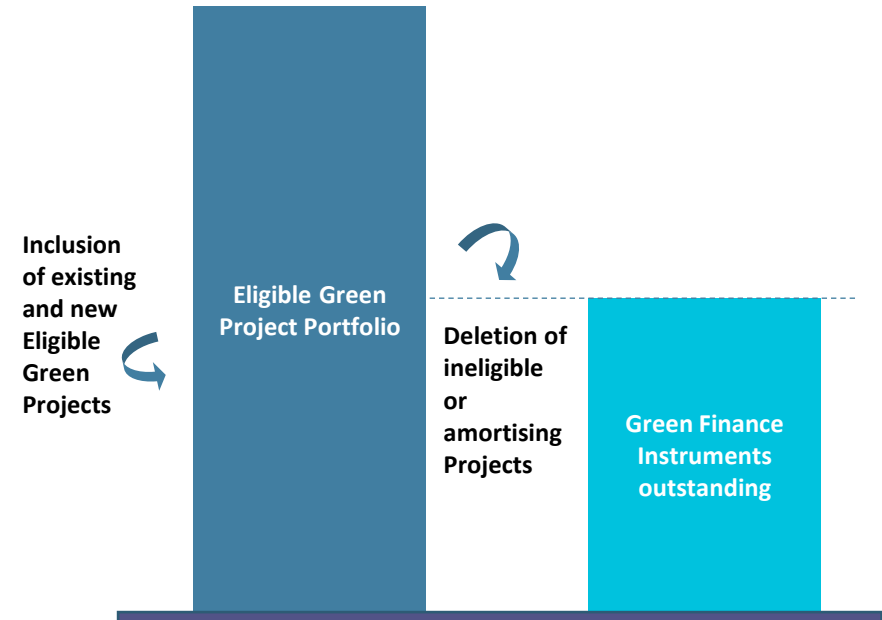
Process for Project Evaluation and Selection

- Green Finance Committee will manage any future updates of the Framework, including expansions to the list of Eligible Categories, and oversees its implementation
- Achmea is aware of EU Taxonomy and EU GBS requirements that Eligible Green Projects contribute to one of the EU Environmental Objectives and do no significant harm to any other objective
- Achmea safeguards that all selected Eligible Green Projects comply with official laws and regulations on a best-efforts basis. It is part of Achmea's transaction approval process to ensure that Eligible Green Projects comply with Achmea's sustainability policy

Management of Proceeds

- Proceeds will be managed in a portfolio approach
- Achmea strives to a level of allocation that matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments

Management of Proceeds based on a portfolio approach



Reporting

- 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
- Aligning, on a best effort basis, the reporting with the portfolio approach described in “Handbook - Harmonized Framework for Impact Reporting (June 2021)”

Allocation Report:

- To the extent practicable, Achmea will provide:
 - Total amount of proceeds allocated to Eligible Green Projects
 - Number of Eligible Green Projects
 - Balance of unallocated proceeds
 - Amount or the percentage of new financing and refinancing

Impact Reporting

- Where feasible, Achmea may report on the following environmental indicators:
 - 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

achmea 

Green Finance
Allocation &
Impact Report

External Review

Pre-issuance verification: Positive Second Party Opinion from ISS ESG, one of the world's leading rating agencies in the field of sustainable investment

ISS ESG Assessment Summary:

- According to the ISS ESG Corporate Rating, the issuer shows a high sustainability performance against the industry peer group on key ESG issues
- Use of Proceeds are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described
- Use of proceeds, processes for project evaluation and selection, management of proceeds and reporting are in line with the GBP and GLP
- ISS ESG assessed the alignment of Achmea's project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021). Based on robust processes for selection, the nominated project categories are considered to be:
 - Aligned with the Climate Change Mitigation Criteria
 - Aligned with the Do No Significant Harm Criteria
 - Aligned with the Minimum Social Safeguards requirements



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 of a management statement on the allocation of the proceeds of Green Finance Instruments to the Eligible Green Project Portfolio

Source: Achmea B.V. Second Party Opinion (ISS ESG, 15 February 2022)



In case of questions, please contact:
investors@achmea.com

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