

# ESG Impact Report 2023

Achmea Bank

# Contents

<b>A word from the chairman of the Managing Board</b>	<b>3</b>
<b>Our impact in 2023</b>	<b>4</b>
<b>Our ESG Ambitions</b>	<b>5</b>
<b>Environment</b>	<b>11</b>
<b>Social</b>	<b>38</b>
<b>Governance</b>	<b>43</b>
<b>UNEP FI Principles for Responsible Banking</b>	<b>48</b>
<b>Appendices</b>	<b>69</b>

## A word from the chairman of the Managing Board

Uncertainties in social, political, climatic, and economic conditions had, and still have, an impact on our customers, employees and business operations. We contribute to solutions for these environmental and social challenges based on the Achmea purpose 'Sustainable Living Together'. Achmea Bank is convinced that everyone deserves a good life now and in the future. To us, this means healthier, safer, and more pleasant living conditions for everyone. We strive for an inclusive society in which everyone participates and lives happily and healthily with and next to each other, in a way that can continue for the long term.

We believe it is very important to actively contribute to the goals of the Paris Climate Agreement: limiting the average increase in global temperatures to a maximum of 1.5 °C. As a society we can only achieve this by working together. We want to be transparent about our ambitions and impact when it comes to environmental, social and governance issues. As we strengthen our understanding of the effects of climate change, this allows us to become increasingly more specific about our transition pathway towards a net-zero economy.

This year's ESG Impact Report includes an update of our climate transition plans, as part of Achmea's commitment to the Dutch Climate Agreement and the Climate Commitment of the Dutch Financial sector. In addition, our methodologies for carbon accounting and science-based decarbonisation pathways have been updated to the latest industry standards. This report also includes our very first assessment of the EU Taxonomy alignment of our mortgage portfolio. Together with our customers, investors, employees and other strategic partners, we work on solutions to societal challenges in the areas of living and income for today and tomorrow.

### **Chairman of the Managing Board of Achmea Bank**

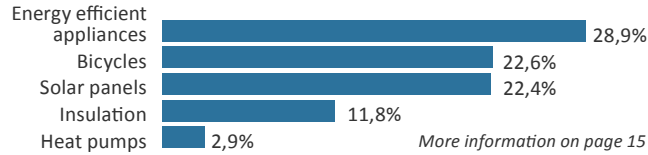
Pierre Huurman



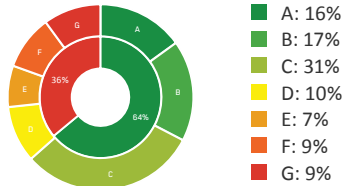
# Our impact in 2023

## 'Climate Budget' for all Achmea employees launched

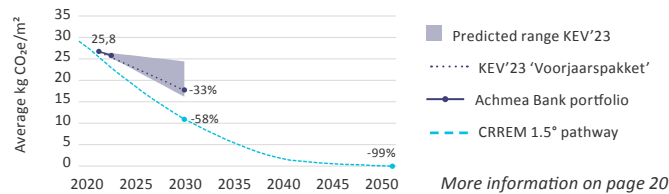
### Top 5 climate budget purchases in 2023



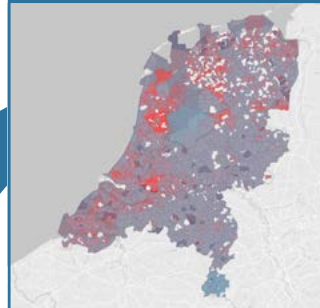
### EPC composition of our residential mortgage portfolio in 2023



### Science based decarbonisation pathways (CRREM 1.5°C scenarios)



### Climate-related physical risks in our portfolio

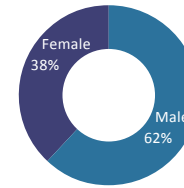


### EU Taxonomy alignment of our residential mortgage portfolio in 2023

**13.0%**

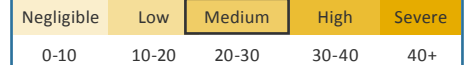
*More information on page 29*

### Male - Female employee distribution in 2023



### Sustainalytics ESG Risk Rating

**Improved from 22.5 to 20.9 (medium risk) in 2023**



### Employee engagement scores in 2023 (out of 10)

**7.9 in passion  
7.4 in customers  
7.7 in employability**

*More information on page 46*

### Guest lessons in primary schools for 'Bankers In The Classroom' in 2023

**49 classrooms**

*More information on page 41*

### Customers with payment difficulties assisted by our Special Asset Management team in 2023

**96% of customers sustainably recovered**

*More information on page 42*



## Our ESG Ambitions



2021

Definition of climate ambitions for business operations (together with Achmea)

Member of the Energy Efficient Mortgages NL Hub (EEM NL Hub)

Achmea announces plans to plant one million trees via Land Life Company

Signature Principles for Responsible Banking (UNEP FI PRB)

2022

CO<sub>2</sub> roadmaps for mortgages  
First Climate Transition Plan

Stress testing for climate risks in the short term

Achmea reveals sustainability performance of suppliers via EcoVadis

Publication of Green Finance Framework

First reporting year under the Principles for Responsible Banking (UNEP FI PRB)

2023

Decarbonisation pathways by the Carbon Risk Real Estate Monitor (CRREM) applied

First assessment of EU Taxonomy alignment of the mortgage portfolio

Follow-up assessment on strategic and operational climate risk

Launch of the Achmea Climate Budget for employees

2025

A 51% reduction in CO<sub>2</sub> from business operations versus 2019 (together with Achmea)

Achmea Bank's first year under the Corporate Sustainable Reporting Directive (CSRD).

2030

Climate-neutral business operations (together with Achmea)

100% circular and energy-efficient product and material procurement

2050

Fully climate-neutral in both business operations (together with Achmea) and mortgage portfolio

## Our vision

Banks play an important role in our economy and society. For Achmea Bank, this means allowing people access to housing through mortgage lending, as well as accumulating wealth through saving products and investment services. Achmea Bank is part of the Achmea's Retirement Services strategy. As part of Achmea's purpose 'Sustainable Living Together', its Retirement Services strategy allows customers to accumulate wealth and generate income for today and tomorrow. Our shared ambition is making the whole of the Netherlands financially fit and self-reliant. As a partner in value creation, we wish to make an impact when it comes to environmental, social and governance topics, and we are transparent about our ambitions and impact. This means that we have and disclose clear goals and targets related to our impact on these topics. These efforts further support our mission to realise relevant financial solutions for sustainable living and income.

Our ESG strategy entails three target areas that describe our contribution to a sustainable living environment (Environmental), a contribution to accessibility for all in a participatory society (Social) and reliable banking with integrity (Governance). Within these three target areas, in which we have formulated our own contribution, we have also outlined our contribution for and with our four most important stakeholders: our customers, our employees, our partners and our investors.

Our aim is to contribute to three Sustainable Development Goals (SDGs) as described by the United Nations, namely:



We believe it is part of our responsibility to contribute to education and information aimed at increasing the general level of knowledge about financial matters and sustainability so that people can make more responsible financial decisions.



We want to make a positive contribution to the sustainability of homes. We aim to reduce the carbon emissions from our mortgage portfolio to net-zero by 2050.



In our business operations we want to be as little harmful as possible for our environment. We aim for carbon neutrality from our internal business operations by 2030.

## Our commitments

The international goals of the Paris Agreement have been translated into national plans. In 2019, the Netherlands passed a Climate Act that states that greenhouse gas emissions in the Netherlands must be 49% lower in 2030 compared to 1990 and as much as 95% lower in 2050. The targets from the Climate Act were subsequently translated into a Dutch National Climate Agreement for several sectors (the built environment, mobility, industry, electricity and agriculture and land use). As part of this Climate Agreement the financial sector has drawn up a Climate Commitment. In it, the financial sector has committed to contributing to implementation of the Paris Agreement and Dutch National Climate Agreement. By signing this commitment, the financial sector has agreed the following:

- The parties will participate in financing the energy transition and to this end accept a best-efforts obligation within the framework of laws and regulations and risk/return objectives.
- The parties will undertake to measure the carbon footprint of relevant loans and investments. Starting in the 2020 financial year they will publicly report on this.
- No later than 2022, the parties will publish their action plans including reduction targets for 2030. The parties will explain the actions they will take to contribute to the Paris Agreement.

We have measured and published the carbon impact of our mortgage portfolio from 2019 onwards in our [ESG reports](#). Achmea Bank publishes its Climate Transition Plan annually. This is aimed at making our customers and society more resilient to the consequences of climate change and stimulating the transition to a climate neutral society. Firstly, in our business operations and as an employer, for example via our buildings and operating assets, mobility and procurement policies. Secondly, via the investments and loans on our balance sheet. Starting from this year, and going forward, our transition plan is integrated and updated annually in this ESG Impact Report.

Additionally, in 2021 Achmea Bank signed the ‘Principles for Responsible Banking (PRB)’ and joined UNEP FI, the United Nations Environment Programme for the financial sector. Achmea Group also signed the relevant initiatives linked to insurance (Principles for Sustainable Insurance) and investments (Principles for Responsible Investments). To accomplish our ESG goals, frameworks form important resources to identify and measure the impact of our activities on various stakeholders. Please view the [UNEP FI Principles for Responsible Banking](#) section in this report for more information.



## Our customers

Centraal Beheer is our main brand for our wealth accumulation products. Achmea Bank provides a full range of mainstream products primarily through the Centraal Beheer brand. In addition to mainstream products, we aim to target clients in underserved market segments (niche markets) with tailored solutions such as buy-to-let and mortgages for the self-employed. We also invest in third-party mortgage portfolios. Apart from this, we are building partnerships that can contribute to our business model in the future and improve diversification through fee revenue.

Achmea Bank' mortgage portfolio consists of:

1. Mortgages provided directly by Achmea Bank to consumers and mortgages provided under the brand Centraal Beheer by Achmea Hypotheken B.V. ("Leef hypotheek").
2. Mortgages acquired from third parties and newly originated mortgages by external platforms. Achmea Bank acts as a funder for these platforms.

When we mention our 'customers' in this report, we refer to customers explained under the first category. When we mention our 'mortgage portfolio', we refer to mortgages explained under both categories.

As a network bank, we consider portfolio acquisitions and origination of newly originated mortgages of external platforms as an important element in our growth strategy. Together with these partners and their customer facing brands we aim to find sustainable solutions for existing and new propositions as well.

## Our ESG partnerships

We are proud to work on our ESG ambitions with our partners within the Achmea Group, such as Syntrus Achmea Hypotheken B.V., who manage our mortgage administration, and Centraal Beheer, Achmea's customer facing brand and marketing organisation. Amongst other endeavours, Centraal Beheer for instance, launched '[Duurzaam Woongemak](#)', an integral service for existing and new customers to offer advice and execution of sustainable renovation services for households in the Netherlands. In 2020 we have joined the 'Sectorcollectief Duurzaam Wonen' (Sector Collective Sustainable Homes) whose goal is making sustainability an integral part of mortgage advice.

As of 2023 we also offer retail investment services, related to products managed by our partner Achmea Investment Management. These products are not in scope of this ESG Impact Report. However, Achmea Investment Management reports about the sustainability of the various investment funds on its [website](#).

We will continue to work with third parties and expand on initiatives in our network to make a greater impact. We are member of the Partnership for Carbon Accounting Financials (PCAF), where Achmea Bank will be at the forefront of the further developments involving the improvement of the measurement of carbon footprint of our mortgage portfolio,

together with other Dutch financial institutions. Additionally, we are also member the Energy Efficient Mortgage Hub Netherlands (EEM NL Hub), which aims to define a Dutch market standard for sustainable mortgages to prevent green washing and to put more mortgage investments towards sustainable activities.

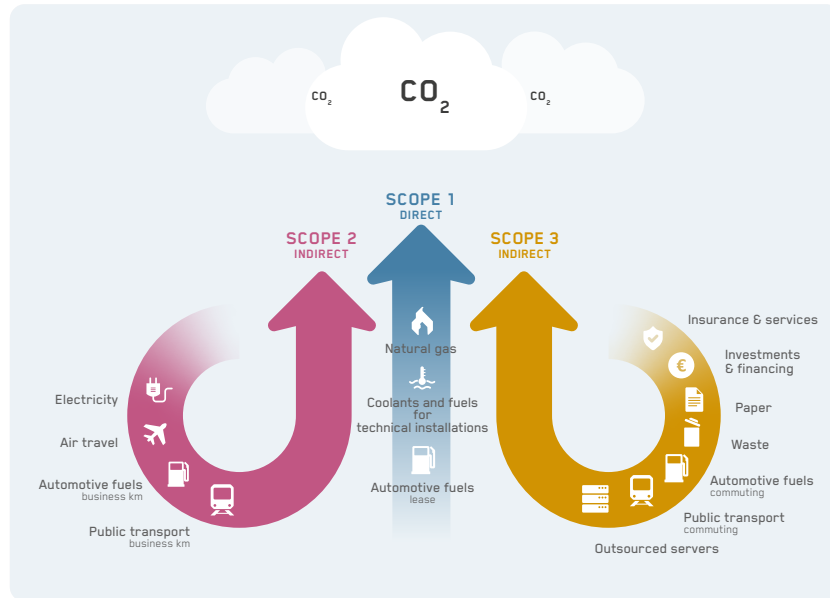




## Environment

## Internal operations

Emissions from internal business operations are measured by Achmea Group's Facility Management. In the past years Achmea has made great improvements to measuring and reducing emissions from activities such as energy usage of office buildings, mobility and waste management.



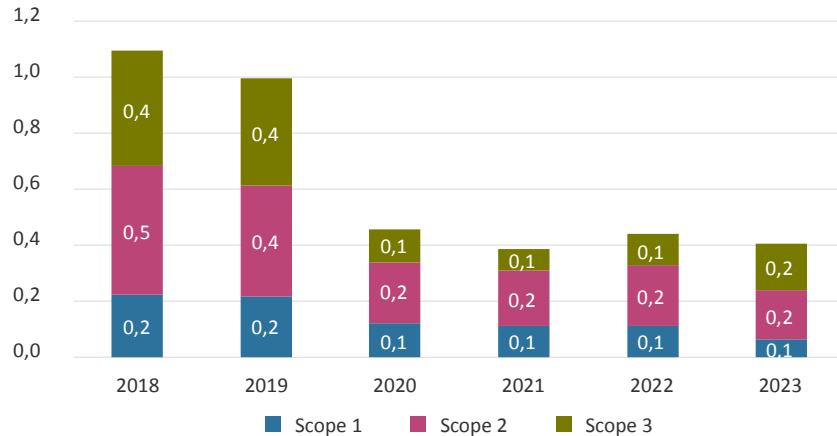
In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. Scope 1 emissions are direct emissions from own sources or sources that are controlled by Achmea. Scope 2 emissions are indirect emissions from the generation of purchased energy and/or services. Scope 3 emissions are all relevant indirect emissions (not included in scope 2) connected to our business operations that occur in Achmea's footprint of our employees' commuter mileage.

## Operational emissions

We measure the carbon footprint of our energy use, mobility, coolants use, paper consumption, waste and outsourced servers. CO<sub>2</sub> emissions for Achmea Netherlands are measured excluding third-party. However, third-party companies are included in the calculation of the carbon footprint from the consumption of gas (scope 1) and electricity (scope 2). Please view Supplement B of [Achmea's Annual Report](#) for more information on the measured emissions as well as used emission factors.

To account for our contribution of Achmea's total operational emissions we distribute the emissions based on the 216 FTEs at Achmea Bank. In 2023 this amounted to an operational carbon footprint of 0.4 kt CO<sub>2</sub>e (2022: 0.4 kt) or 2,212 kg CO<sub>2</sub>e per FTE (2022: 2,111 kg).

## Operational carbon emissions (kt CO<sub>2</sub>e)



## Operational emissions targets

Achmea aims to achieve fully sustainable and climate-neutral business operations by 2030. In tangible terms, this means that as of 2030 the carbon footprint of our business operations will be net-zero. We will accomplish this by reducing our emissions as much as possible and offsetting the remainder of our carbon emissions through large-scale reforestation. The target for our business operations is based on our scope 1, 2 and 3 emissions. To realise this, we are:

- Cutting energy consumption in our buildings and data centres
- Reducing the number of journeys our employees make and making their travel more sustainable
- Cutting paper consumption
- Separating our waste wherever possible
- Conducting sustainable procurement (energy-efficient and circular)

## Operational emissions transition plan

### Cutting energy consumption in our buildings and data centres

We use electricity, gas, heating and cooling to meet the energy needs at our locations. To the extent that we do not generate the energy ourselves, we purchase green energy. We are aiming to cut electricity and gas consumption as much as possible and generating energy locally wherever feasible. One component of this is making our offices energy neutral. This means that the actual energy consumption of our office building in Tilburg may not exceed 70kWh/m<sup>2</sup>. Achmea Bank operates mainly from the Achmea building in Tilburg on the Spoorlaan. Sustainability for this building is therefore high on our agenda. For this building, we want to operate in a net CO<sub>2</sub> neutral way by 2030. A building plan has therefore been drawn up in collaboration with the Achmea Group. We are taking various initiatives such as:

- LED lighting instead of fluorescent lighting
- Thermal Energy Storage (TCS)
- Heat pumps for heating
- Solar boilers for hot water
- Solar panels for generating electricity

### **Reducing the number of journeys our employees make and making their travel more sustainable**

We are making our employees' travel more sustainable by, for example, implementing an electric vehicle lease policy and reducing carbon emissions from commuter and business journeys. We also have a range of mobility schemes that encourage the use of public transport and/or bicycles, such as the provision of a public transport card including use of rental bikes and an allowance for journeys conducted on the employee's own bicycle. At the same time, we have a clear vision of our new way of working that includes working from home. Our new 'Climate Budget' will help employees to improve the sustainability of their homes. When it comes to international travel, our policy states that employees will not travel by air within a radius of 700km.

### **Cutting paper consumption**

The amount of paper consumed at Achmea has been decreased dramatically in the past few years. A growing amount of communication with customers takes place via digital channels. Also, due to the fact that employees increasingly work from home, far fewer documents are printed out.

### **Separating our waste**

Achmea has collected, disposed of and processed separated waste since 2015. We aim to reduce the percentage of residual waste even further to create a 'waste-free' office as of 2030. In 2024, Achmea Bank

will no longer supply paper cups at office locations, thereby further reducing our waste output.

### **Sustainable procurement**

We also want to shape sustainability together with our strategic partners. Sustainability is therefore an integral part of our procurement policy. To shape Socially Responsible Procurement, Achmea Bank wants to provide insight into the sustainability performance of its suppliers. Sustainability is a key talking point in the periodic evaluations with our partners. In the coming years, we will expand this further and record it in a structured way. In addition, sustainability ambitions increasingly play a role in procurement processes and are included as selection criteria for new suppliers. This approach is described in Achmea's Procurement Policy and in the Sustainability Declaration for suppliers.

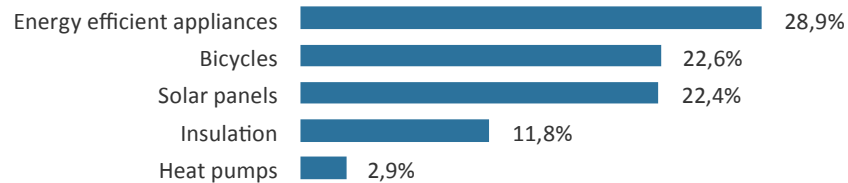
### **Redesigning the Tivoli city garden**

Next to our office in Tilburg is the Tivoli city garden. This garden will be redesigned into a biodiverse garden, with more greenery and space for insects while retaining the characteristic elements of the existing garden. In addition, this will be a climate-adaptive garden in which we will work on better water storage and investigate the possibilities of disconnecting part of the roof of our Interpolis office. We are also working on making our garden more accessible to our colleagues and local residents; the garden plays a central role in the local community.

## Climate budget for employees

From January 1st, 2023, all Achmea employees received a climate budget of €2,500. Employees can use the climate budget until December 2025 to make their own living environment more sustainable. For this we launched a dedicated climate shop. The budget can be used for, among others, solar panels, home insulation, a green roof or a heat pump. Energy efficient appliances or electric bicycles are also available. By year-end 2023, 72% of employees have already used the budget. Based on our estimations, the solar panels, heat pumps and insulation purchased with the budget, have already avoided approximately 3,337 tonnes of yearly CO<sub>2</sub>e emissions by Achmea employees.

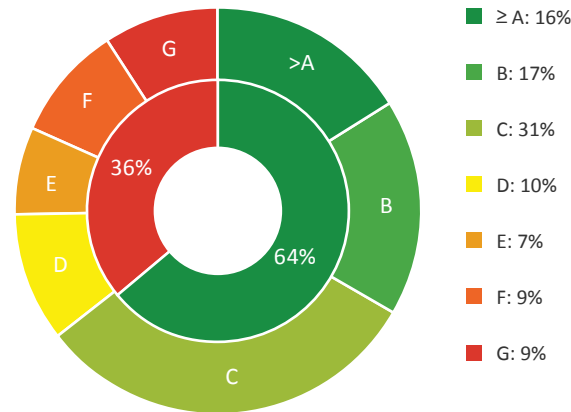
### Top 5 climate budget purchases in 2023



## Mortgage lending

Under the GHG Protocol, carbon emissions from investments (or financed emissions) are categorised under scope 3. As a mortgage provider, financed emissions form the largest part of our carbon impact. The carbon emission of mortgage loans consists of the scope 1 and 2 emissions of collateral buildings in our portfolio. This means the energy usage (electricity and natural gas) of our customers is attributed to our scope 3 emissions, for the portion of the building that is financed by Achmea Bank. The composition of EPC labels in our portfolio is as illustrated below.

### Energy labels in our portfolio 2023 (%)



## EPC labels

To achieve the ambitions of the Paris Climate Agreement, a large part of the Dutch housing stock must be made more sustainable. As a provider of mortgages, we have a responsibility to contribute to the reduction of the greenhouse gas emissions of the buildings we finance. That is why we offer financial solutions to fund the transition to make homes more sustainable.

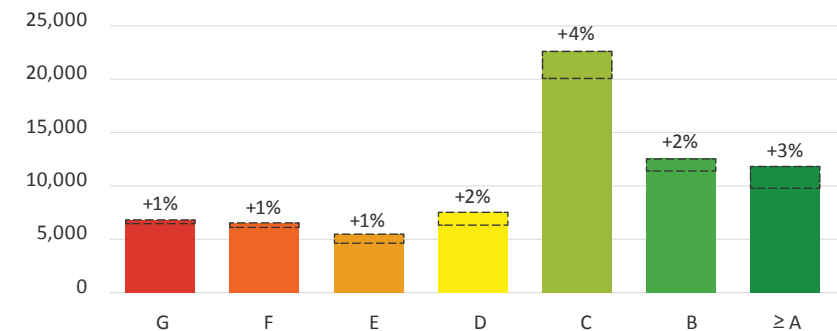
We also actively encourage our customers to make their homes more sustainable, thus reducing energy usage and carbon emissions.

In 2023 the average EPC label of our mortgage portfolio was C (2022: C).

For more details, please view the [Financed emissions transition plan](#) section.

The year-over-year change of EPC labels in our portfolio is as illustrated below.

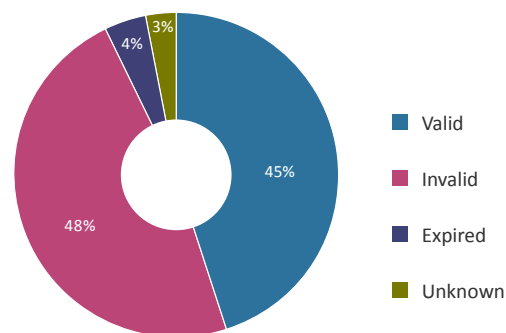
### Energy labels in our portfolio 2022-2023 (yoy change %)





Prior to 2021 homeowners were able to request a definitive EPC label for their building by online verification by an independent energy advisor. As of 2021 this online verified definitive label is no longer available, as a new 'NTA8800' label has been introduced. This EPC label requires an independent energy advisor to physically inspect the building, which is a more reliable measure of the energy performance of the building. In 2023, approximately 45% of EPC labels in our portfolio have a valid EPC label (2022: 42%). The composition of EPC label statuses in our portfolio is as illustrated below.

### Energy label status in our mortgage portfolio 2023 (%)



Currently, there is little incentive for homeowners to update their EPC labels, even after renovations. This, in combination with the low level of definitive

EPC labels in the market, makes it difficult for us to assess improvements in the portfolio. If no definitive EPC label is available, Achmea Bank will apply an estimated label for carbon emission calculation purposes only.

### Financed emissions

The carbon emissions from our mortgage portfolio are calculated using 2023's newest 'score 3 methodology' provided by the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas emissions associated with their loans and investments. This harmonised accounting approach provides financial institutions with a solid basis for setting science-based transition pathways and aligning their portfolio with the Paris Climate Agreement. PCAF enables transparency and accountability and has developed an open-source, global carbon accounting standard for financial institutions. The PCAF methodology provides standardised guidelines for calculating the carbon footprint of financial assets such as mortgages.

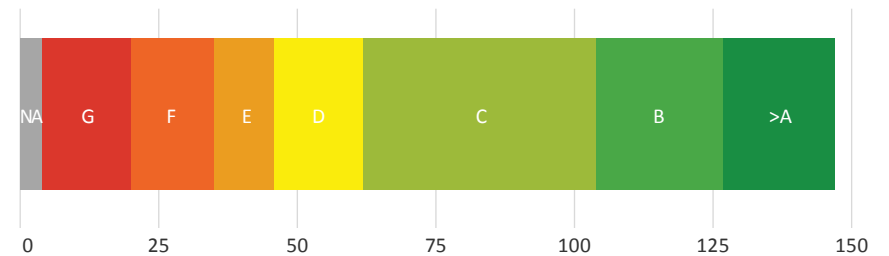
PCAF applies a score from 5 (worst) to 1 (best) to determine data quality of the calculated carbon emissions. Due to challenges of privacy and data availability, score 3 is currently the highest achievable quality score in the Netherlands. In 2023, 44% of our financed emissions are measured at data quality score 3, 52% at score 4 and 4% at score 5.

## PCAF data quality score table

Data Quality	Options to estimate the financed emissions	When to use each option
Score 1	Option 1: Actual building emissions	1a Primary data on <b>actual building energy consumption</b> (i.e., metered data) is available. Emissions are calculated using actual building energy consumption and <b>supplier-specific emission factors</b> specific to the respective energy source.
Score 2		1b Primary data on <b>actual building energy consumption</b> (i.e., metered data) is available. Emissions are calculated using actual building energy consumption and <b>average emission factors</b> specific to the respective energy source.
Score 3	Option 2: Estimated building emissions based on floor area	2a <b>Estimated building energy consumption per floor area based on official building energy labels AND the floor area</b> are available. Emissions are calculated using estimated building energy consumption and <b>average emission factors</b> specific to the respective energy source.
Score 4		2b <b>Estimated building energy consumption per floor area based on building type and location-specific statistical data AND the floor area</b> are available. Emissions are calculated using estimated building energy consumption and <b>average emission factors</b> specific to the respective energy source.
Score 5	Option 3: Estimated building emissions based on number of buildings	<b>Estimated building energy consumption per building based on building type and location specific statistical data AND the number of buildings</b> are available. Emissions are calculated using estimated building energy consumption and <b>average emission factors</b> specific to the respective energy source.

Achmea Bank uses PCAF’s newest ‘score 3 methodology’ for residential mortgages. This methodology applies estimated energy usage data from CBS and the RVO based on building characteristics, such as the EPC label, building type and floor surface area. When calculating financed emissions, a building’s annual emissions are attributed to the mortgage provider using a loan-to-value approach. Thus, the attribution is equal to the ratio of the sum of outstanding amount at the time of GHG accounting to the sum of property value at loan origination. When the collateral value at origination is not available, the current (non-indexed) collateral value is used as denominator.

## Financed carbon emissions (kt CO<sub>2</sub>e)



We have measured approximately 96% of our mortgage portfolio. For 2022, we have also redetermined the financed emissions of our mortgages using the most recent PCAF methodology. Economic carbon intensity displays the financed emissions in relation to the amount of outstanding loans in billion EUR.

The economic carbon intensity in 2023 was 10.8 kt./bn. EUR in outstanding loans (2022: 11.9 kt./bn EUR). Physical carbon intensity displays the financed emissions in relation to the floor area of financed collateral buildings in square meters (m<sup>2</sup>). The physical carbon intensity in 2023 was 25.8 kg/m<sup>2</sup> of floor area (2022: 26.7 kg/m<sup>2</sup>). The decrease in financed emission figures stems from better EPC distribution in our portfolio and lower emission factors compared to last year.

Mortgage portfolio	Total assets (bn. EUR)	Assets measured (%)	Financed emissions (kt CO <sub>2</sub> e)	Economic carbon intensity (kt CO <sub>2</sub> e/bn. EUR)	Physical carbon intensity (kt CO <sub>2</sub> e/m <sup>2</sup> )
2022	12,3	95%	138,2	11,9	26,7
2023	14,3	96%	147,7	10,8	25,8

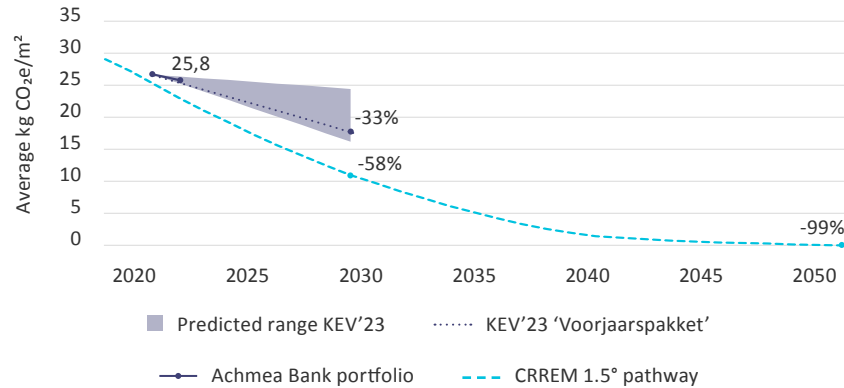
### Financed emission targets

We have set targets both for EPC labels and for reducing carbon emissions. Our ambition is for our mortgage portfolio to be climate-neutral, with net-zero carbon emissions, no later than 2050. Our ambition is based on the scope 1 and 2 emissions from homes (energy consumption). We aim to accomplish this by increasing the proportion of green EPC labels in our

mortgage portfolio, in part by enabling customers to make their homes more sustainable. In 2024 we will develop a roadmap towards 2050, including interim goals.

We have compared our mortgage portfolio to a science-based transition pathway. Using the Science Based Targets initiative (SBTi) guidance, we have calculated by how much we need to reduce carbon emissions for our mortgage portfolio to have an almost climate-neutral mortgage portfolio by 2050. The latest transition pathways from the Carbon Risk Real Estate Monitor (CRREM) were used for this purpose. These pathways are based on the 1.5°C scenario from the most recent IPCC reports.

We also looked at the expected development of carbon emissions from the built environment in The Netherlands. We used the ‘Klimaat- en Energieverkenning 2023’ (KEV) from the Dutch ‘Planbureau voor de Leefomgeving’ (PBL). In this report, the government's existing and proposed plans (‘Voorjaarspakket’) have been used to calculate expected carbon emissions up to 2030. The expectation is that carbon emissions from the built environment will be 33% lower in 2030 than in 2022. This forecast shows that there is still a significant difference between the current reduction in the carbon footprint of the Dutch housing stock and the pace that is necessary according to climate science. The figure below shows that at year-end 2023, the CO<sub>2</sub> intensity was slightly above the CRREM transition path.



Our objectives for improving the EPC labels and reducing the carbon footprint can only be achieved if homeowners make their homes more sustainable.

Achmea Bank expressly does not choose to exclude customers with homes that have poor EPC labels. We aim to enable our customers to reduce heat and electricity consumption, for instance to enable customers to invest in insulation and solar panels. This makes homes 'net-zero ready'. From 2026, homeowners will gradually switch to the use of a (hybrid) heat pump as soon as new government regulations for home heating come into effect. Given that the lifespan of a gas-fired heating boiler averages 12-15 years, carbon emission reductions will occur gradually.

The extent to which our objective can be achieved depends, among other things, on a variety of (external) factors over which Achmea Bank has little to no influence.

### The speed at which the Dutch energy mix is becoming more sustainable

Achmea Bank has no insight into the individual actual energy demand and energy mix of homeowners (due to the protection of privacy). Our carbon emissions are defined based on the carbon emission factor of the average Dutch energy mix. The electricity mix is becoming increasingly green thanks to e.g. biomass co-combustion, the construction of heat networks, connection to solar and wind farms and the phasing-out of coal-fired power stations. Achmea has no influence over this, but the Dutch Climate Act does stipulate that this energy mix needs to be nearly climate-neutral in 2050.

### The speed at which homes are being made more sustainable

How fast homes are being made more sustainable depends in part on external factors, such as energy prices, the cost and availability of alternatives (such as heat pumps), subsidies, regulation and financing options. Currently, there is little incentive for homeowners to update their EPC labels, even after renovations. This, in combination with the low level of definitive EPC labels in the market, makes it difficult for financial institutions to assess improvements in the portfolio.

### **The development of the number of new-build homes**

Newly built homes will mostly be energy neutral. This will improve the average EPC label of the total housing stock but will have little impact on existing housing stock. The government's ambitious construction goals to alleviate the housing shortage are challenging, which may slow down the development of energy efficient homes. Any delay will affect the average EPC label of the overall Dutch housing stock and therefore also our portfolio.

### **Progress on natural gas-free neighbourhoods**

Municipalities are responsible for planning and implementing this transition. There have been delays in rolling out these plans and as a result it is possible that the emission reduction targets for 2030 for the built environment will not be achieved.

### **Legislation and government regulations**

There is a possibility that, in the future, the government will make it mandatory to make homes more sustainable. Measures that have already been introduced by the government include a (proposed) ban on gas-fired boilers from 2026 and interest-free loans for people in low-income brackets.

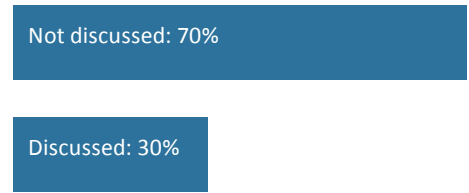
### **Financed emissions transition plan**

We want to enable our customers to make their homes more sustainable. We therefore provide information on how to do this as well as options for doing so. On the one hand by offering services via Centraal Beheer for making homes more sustainable (insulation, solar panels, green roofs and heat pumps) and on the other by providing the option of financing energy-saving measures as part of the mortgage and assisting with subsidy applications. Our approach is based on 5 pillars, as set out in the next sections.

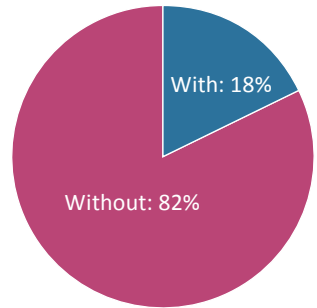
### **Informing and engaging customers**

Customers are informed, through independent mortgage advisors, both when they take out a new mortgage and during the term of the mortgage, about the options and potential savings involved in making their homes more sustainable. An extra loan (Energy-Saving Budget) can be kept in deposit for up to two years. If there is any money left after two years, we deduct this unused budget from the mortgage principal. Since 2023, we pro-actively offer the Energy-Saving Budget in our mortgage offers.

### Applications for which sustainability has been discussed in the mortgage consultation



### Applications with energy-saving measures



### Offering product- / financing solution

In 2023 we added a green loan component to our mortgage products. This is an additional loan for making the property more sustainable, as part of the existing mortgage, but at a lower interest rate. Furthermore, in 2024, we aim to offer an interest rate discount on mortgages for homes with A+ labels or higher. We expect to implement these improvements in 2024.

### Providing sustainability services

Via Centraal Beheer we offer complete solutions for sustainable home improvements: from personalised sustainability advice to realisation by skilled technicians. Customers receive personalised advice via an online scan or online appointment with a sustainability advisor. We offer roof,

wall and floor insulation and solar panels via a network of partners. In 2023 we expanded our offering with heat pumps and home batteries. We also assist customers with applications for subsidies or loans.

### Supporting and engaging mortgage brokers

Mortgage advisors occupy an important role in the mortgage process for our customers. It is therefore important that advisors discuss options for making properties more sustainable during mortgage advice meetings with customers. We encourage independent mortgage advisors to discuss the option of including an Energy-Saving Budget in the mortgage application.

### Green funding

To attract green financing Achmea has set up a Green Finance Framework (GFF). With this Achmea Bank has opportunities to issue green bonds. Achmea uses the proceeds from the issue of financial instruments under this framework to (re)finance new and existing energy-efficient homes. Achmea issued its first bond of EUR 500 million under this framework in 2022. More information about the Green Finance Framework can be found on Achmea's website.

### **Monitoring & reporting**

To assess how effective our actions are, we monitor the effect of our activities. We review the EPC labels in our mortgage portfolio each quarter. In addition, we measure how often sustainability is discussed in mortgage advice consultations and the number of applications that include energy-saving measures. This information enables us in the near future, together with our customers, to work on making homes more sustainable.

## Risk management

Achmea Bank's mortgage portfolio consists almost exclusively of residential mortgages with collateral in the Netherlands. Climate-related and environmental risks can potentially impact this portfolio.

We consider climate-related physical and transition risks as drivers of existing risks, such as credit risk, liquidity risk, strategic risk and reputation risk. For now, we conclude that climate risks have no material impact on the short-term credit risk (0-5 years). After some initial analyses in 2022, in 2023 we conducted a materiality assessment, to assess (potential) impact of climate-related and environmental risk drivers on Achmea Bank's business risks: credit risk, business/strategic risk, market risk, liquidity (funding) risk and operational risk. Based on the 2023 materiality assessment we expect that physical and transitional risk drivers may have a material impact on the longer term (beyond a five-year horizon).

### Non-financial risk

Achmea Bank has performed an (qualitative) analysis of climate and environmental risks to identify the most important consequences for the bank's strategic and operational risk in the short term (< 5 years) and the (medium) long term (> 5 years). These time horizons align with our self-assessment performed for DNB. The analysis assessed the ways in which physical and transition factors can cause or amplify strategic and

operational risks. The identified risks are/were then grossly weighted by probability and impact (financial and non-financial impact). For operational risk, the impact of physical risks (flood, drought, etc.) on service continuity in the mortgages, savings and investments chains, and potential reputation and liability risk due to the transition to a sustainable economy, are particularly relevant. This also covers, for instance, the impact of flooding on our datacentres, outsourced IT operations and customer service.

For strategic risk, transition risk is particularly relevant. Based on current insights, the impact of climate and environmental risks on Achmea Bank's strategic and operational risk profile is currently assessed as not material for the short term (<5 years) and neither for the longer term (>5 years) time horizons for the scenario's which were considered in the analysis. We expect further insights in the impact of climate and environmental factors on our risk profile as our knowledge in this field strengthens.

### Financial risk - Credit risk

Concrete insights on short-term impacts are available for credit risk. As the horizon gets longer, uncertainty regarding climate change and related transitions increases, as does the impact it may cause. Further assessments of the longer term (potential) impact on credit risk will be performed in the course of 2024. Based on expert opinion and taking uncertainty into account, we currently argue that the net credit risks are considered low material risk up to 10 years, but turn to elevated material risk thereafter.



### Physical risk

Physical climate-related risks concern certain physical climatic events, which may expose our customers and their homes to risks and could impair the affordability of their mortgage loan. Therefore, the location and other building characteristics are relevant to the exposure to physical risk types, such as:

- Foundation support (pole rot and land subsidence)
- Water nuisance (precipitation)
- Flooding (likelihood and maximum depth levels)
- Wildfires

We have acquired data to map these physical climate risks to the majority of individual collateral buildings in our portfolio. With these new insights we have identified foundation support and heavy water precipitation to be the most relevant risk types at the present moment and for the short term. At this time, flooding caused by rising water levels are expected to materialise in the long term. More figures and details about the exposure of our mortgage portfolio to physical climate risks are included in the Climate Risk Vulnerability Assessment (CRVA). This analysis has been performed for the Climate Change Adaptation objective of the EU Taxonomy, in the [Do No Significant Harm](#) section of this report.

The overlap between existing credit risk parameters (such as Loan-to-Value ratios) has been analysed in an extensive concentration risk analysis. In

general, this analysis has shown no observable heightened risk in combination with other risk drivers. Expected damages are based on the likelihood and the amount of expected damages in Euros per m<sup>2</sup> of floor area. Expected damage amounts are estimated with figures provided by the Kennis Centrum Aanpak Funderingsproblematiek (KCAF), Klimaatschadeschatter and Stichting Toegepast Onderzoek Waterbeheer (STOWA).

### Transition risk

Climate risks relating to the transition to the carbon neutral economy arise from changes in policies, technology or market sentiment. Transition risks are more challenging to assess and manage, since these risks impact many facets, including the macro-economy. For instance, house price developments are relevant to our mortgage portfolio. The transition is expected to impact house prices through elements such as policies, the marketability of homes with less favourable EPC labels or preferences for more efficient housing. This will positively impact customers with better (green) labelled buildings and may also negatively impact customers with worse labels. It is also worth mentioning that current EPC labels are considered indications for energy efficiency and usage. In time we expect the availability and reliability of these indicators to improve, which could impact pricing more accurately than it does at present.

By applying scenario analyses and stress testing, we have assessed the impact of diverse house price developments on our mortgage portfolio.

This was done using scenarios published in the ECB 2022 Climate Risk Stress Test. Both a short term and a baseline transition risk scenario were evaluated, with EPC label specific and general house price developments, respectively. The impact of these stress tests had limited impact on our credit risk, expressed in Expected Credit Losses (ECL) and Risk Weighted Assets (RWA).

Sensitivity analysis shows a limited impact as well, with increasingly larger impact based on the severity of price shocks. In general, the negative effect on poor EPC labels is compensated by the positive effect on green labels. This analysis has shown us the importance of the EPC label distribution on transition risks on our mortgage activities.

### Financial risk - Other risks

Based on the first materiality assessment of 2023 we do not see a material impact of physical and transitional climate-related and environmental risk drivers on market and liquidity risk, both on the short and longer term. In 2024 we will perform more in-depth assessments and analyses for liquidity risk, with a focus on the funding aspects as Achmea Bank currently does not hold an investment portfolio of liquid assets.

### Risk management transition plan

In 2024 we will follow-up our assessments for e.g., liquidity risk, credit risk and non-financial risk, which include:

- A (further) analysis of the transition channels by which climate-related and environmental risk drivers can impact Achmea Bank's financial and non-financial risks;
- A double materiality assessment as part of our activities aimed at CSRD compliancy;
- A follow up and further elaboration of the ESG risk self-assessment of 2023 for non-financial risks;
- Longer term (> 10 years) scenario analyses for e.g. credit risks in our mortgage portfolio in the course of 2024.

Our aim is to further integrate climate-related and environmental risks into the bank's risk management framework in 2024. For this purpose, *a climate-related and environmental risk framework* (CERF) is being set up, based on the Achmea risk cycle approach. Elements of the CERF will tie in existing periodic processes as much as possible, including the bank's risk appetite. This way, the relevant expectations as published in the 'ECB guide on climate-related and environmental risks' will also be further implemented. Achmea Bank is aiming to further integrate climate risks into the bank's credit risk management framework. Achmea Bank will continue to explore initiatives to come to insights and action, primarily regarding the enhancement of the sustainability of the mortgage portfolio.

## EU Taxonomy for Sustainable Activities

As of 2023 the EU Taxonomy is applicable to Achmea B.V., which provides a common classification system for environmentally sustainable activities as defined by the European legislators. To reach the objectives of the European Green Deal, the EU taxonomy helps companies to determine the sustainability of their economic activities. More specifically, credit institutions must calculate their green asset ratio (GAR) to determine the sustainability of the exposures on the balance sheet. The GAR consists of the alignment (numerator) and GAR covered assets (denominator) of balance sheet exposures.

### Eligibility

The table below shows eligibility of our balance sheet exposures in 2023. This indicates potential sustainable assets and gives insight how the EU Taxonomy impacts the balance sheet, especially in relation to climate change mitigation. The template provided in Annex VI of article 8 of the EU Taxonomy is used as basis to calculate the eligible assets.

The table is based on the exposures within the regulatory scope of consolidation which is in line with our annual report. The gross carrying amount definition is used to determine the exposures. The gross carrying amount consists of the amortised cost of the financial assets, before adjusting for any loss allowance (EUR 28 million).

As of year-end 2023, EUR 14,564 million assets are classified as EU Taxonomy-eligible economic activities, which corresponds to 91% of the total assets. These assets have sustainability potential where Achmea Bank can potentially provide Substantial Contribution to Climate Change Mitigation.

As of year-end 2023 EUR 672 million assets are classified as ineligible economic activities, which corresponds to 5% of the total assets. Other assets also includes the fair value changes of the hedged items related to macro hedge accounting (EUR -88 million). Sovereigns and central bank exposures are not covered in the GAR calculation.

## Assets for Green Asset Ratio (GAR) calculation

December 31st 2023

<i>In millions EUR</i>	Total gross carrying amount	Climate Change Mitigation (CCM)		
		Taxonomy-eligible	Taxonomy-aligned	Taxonomy-aligned %
<b>GAR covered assets in both numerator and denominator</b>	<b>14.564</b>	<b>14.564</b>	<b>1.853</b>	<b>12,7%</b>
Credit institutions - loans and advances (not on demand)	306	306	-	0,0%
Credit institutions - debt securities	31	31	-	0,0%
Other financial corporations - loans and advances	12	12	-	0,0%
Households - loans collateralised by residential immovable property	14.215	14.215	1.853	13,0%
<b>Other assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	<b>728</b>	<b>-</b>	<b>-</b>	<b>n.a.</b>
Non-financial corporations not subject to NFRD disclosure obligations - loans and advances	22	-	-	n.a.
Derivatives (including CSA)	620	-	-	n.a.
On demand interbank loans	20	-	-	n.a.
Other assets (including fair value adjustment)	67	-	-	n.a.
<b>Total GAR covered assets</b>	<b>15.292</b>	<b>14.564</b>	<b>1.853</b>	<b>12,1%</b>
<b>Other assets not covered for GAR calculation</b>	<b>672</b>			
Sovereigns	10			
Central banks exposure	662			
<b>Total assets</b>	<b>15.963</b>			

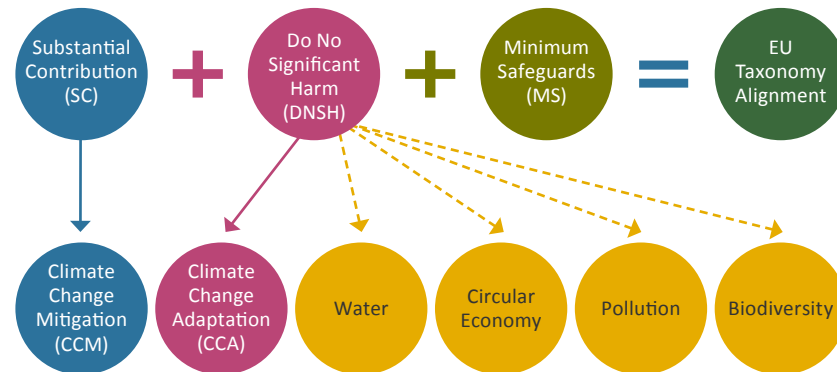
## Alignment (mortgage lending)

In the EU Taxonomy, household/consumer mortgage loans are considered eligible economic activities. The EU Taxonomy also sets out six climate and environmental objectives to determine eligibility and alignment of mortgages in our portfolio:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection of biodiversity and ecosystems

For the **‘Technical Screening Criteria’ (TSC)**, financial institutions must decide at least one environmental goal to which their economic activity will make a **‘Substantial Contribution’ (SC)**. Achmea Bank has determined mortgage loans are eligible for Substantial Contribution to the **‘Climate Change Mitigation’ (CCM)** objective. In addition, Achmea Bank must also determine whether loans **‘Do No Significant Harm’ (DNSH)** to any of the other five environmental objectives. At this time, for residential mortgage lending, only the **‘Climate Change Adaptation’ (CCA)** objective has been expanded by the European Parliament & Commission. Therefore, DNSH alignment is solely based on CCA at this time. Lastly, the economic activity must comply with the **‘Minimum Safeguards’ (MS)** to determine if any human rights infractions have occurred in the activity. Achmea Bank applies

the EU Taxonomy to section 7 (real estate) of the Climate Delegated Act. At this time Achmea Bank has only assessed the EU Taxonomy alignment of residential mortgage lending in category 7.7 - acquisition and ownership of buildings.



Of all household mortgage loans on our balance sheet, EUR 2,429 million align with Substantial Contribution criteria, or 17% of all mortgages. Of this portion, EUR 576 million, or 4%, are not aligned with Do No Significant Harm criteria. This leaves EUR 1,853 million, or 13%, in mortgage assets that align with the EUT standards. Our EUT criteria are further detailed in the next sections.

## Substantial Contribution

### Climate Change Mitigation

Substantial Contribution alignment of mortgages to the Climate Change Mitigation objective is based on the energy efficiency of the collateral building. Achmea Bank aims to increase the proportion of green EPC labels in the mortgage portfolio, in part by enabling customers to make their homes more sustainable. This will positively impact the carbon emissions, thereby mitigating climate change. Achmea Bank's SC-criteria for CCM are based on the [Dutch Energy Efficient Mortgage Framework \(DEEMF\)](#) interpretation of the EU Taxonomy Delegated Act by the Energy Efficient Mortgage Hub Netherlands (EEM NL Hub). Achmea Bank uses the following criteria to determine Substantial Contribution.

### Valid EPC label A

Buildings built before January 1st, 2021, with a valid EPC label A or better qualify as aligned. This excludes invalid, provisional, estimated or expired EPC labels. The biggest data challenge in the Netherlands is the lack of valid EPC labels in the market. Approximately 47% of our mortgage portfolio does not have a definitive EPC label. Additionally, 3% of our mortgage portfolio has an expired EPC label (more than 10 years old). Although Achmea Bank is of the opinion that expired EPC labels can still provide adequate insight in the energy efficiency of the home, this data is not sufficient within the EU Taxonomy standards. We expect many aligned loans within our portfolio to expire within the coming years due to this fact.

### Top 15% of the most energy efficient housing stock

Alternatively, if no valid EPC label is available, buildings built before January 1st, 2021, and within the national top 15% most energy efficient building stock qualify as aligned. To determine the top 15%, Achmea Bank applies the methodology provided by CFP Green Buildings, as described within the DEEMF. The methodology by CFP is based on the fact that over time, building regulations in the Netherlands became stricter and required new residential properties to be more energy efficient when they were constructed. Moreover, the Dutch building code communicates a minimum EPC score that can be linked to the relevant primary energy demand required under the EU Taxonomy. Applying this methodology, any property built in or after 2003 would belong to the top 15% of most recently built building units up to 31 December 2020 and is assumed to be in the top 15% of most energy efficient properties in the Netherlands built before 2021. Given the fact that new building regulations entered into force in the years 2000 and 2006, it is difficult to determine the relative energy efficiency of building units built in this period. Therefore, the cut-of year is selected to be 2006 as this is the year a new building code was introduced that required buildings to adhere to an EPC of 0.8 or lower. This translates to an EPC label of A+ or better (under the current NTA 8800 methodology). The percentage of the residential building stock built between 2006 and 2020 represents 12.36% of the total residential building stock built before 2021 which is slightly less than 15%.

### **NZEB/BENG -10% threshold**

Buildings built after December 31st, 2020, with a Primary Energy Demand (PED) of at least -10% of the 'Nearly Zero Emission Building' (NZEB) threshold, qualify as aligned. Achmea Bank applies the 'Bijna Energie Neutrale Gebouwen' (BENG) threshold, as set out in Dutch legislation.

Achmea Bank applies the construction year of the building to determine when collateral objects were built. Of our entire mortgage portfolio, approximately 17% is aligned with SC-criteria. Of the aligned mortgages, 14% have a 'valid A label', 3% falls in the 'top 15%' and 0.2% aligns with the 'NZEB -10% threshold'. Of the 83% unaligned mortgages, approximately 6% of the portfolio cannot be assessed due to insufficient data.

## Do No Significant Harm Climate Change Adaptation

When a mortgage loan is aligned with Substantial Contribution criteria for CCM, it must be determined whether the loan also aligns with the Do No Significant Harm principle for other climate and other environmental goals in the EU Taxonomy. At this time, for residential mortgage lending, DNSH only applies to the Climate Change Adaptation objective. The other objectives of the European Commission are not yet applicable to residential consumer mortgages.

Achmea Bank has performed a 'Climate Risk and Vulnerability Assessment' (CRVA) in line with the European Commission's 'Appendix A: Generic criteria for DNSH to Climate Change Adaptation'. Our CRVA screens whether relevant physical climate risks may affect the performance of the economic activity during its expected lifetime. Achmea Bank has defined the performance of mortgage loans as affected by physical climate risks when the borrower is significantly inconvenienced or the collateral building is significantly damaged, to the point the affordability of the loan or the habitability of the building is compromised.

### Climate Risk Vulnerability Assessment

Achmea Bank's CRVA uses climate projections until 2050 by the Koninklijk Nederlands Meteorologisch Instituut's (KNMI) worst case scenario ([KNMI'14 WH scenario](#)), which is in line with the Intergovernmental Panel on Climate

Change's (IPCC) Representative Concentration Pathway 8.5 (RCP 8.5) from their [Assessment Report 5 \(AR5\)](#). At the tail-end of 2023, the KNMI has also published its 2023 scenarios, which we weren't able to process in this report. Climate risks are assessed using open source methodology from the [Klimaateffectenatlas](#) by Stichting Climate Adaptation Services (CAS) to map several physical climate risk types to individual collateral objects in our mortgage portfolio with environment scores. The methodology applied by Achmea Bank also incorporates guidelines by the [Dutch Green Building Council \(DGBC\)](#). Currently, our CRVA does not take building level adaptive capacity into account. If, at some point in the future, sufficient data concerning adaptive capacity becomes available, our CRVA methodology will be updated. Additionally, some government level adaptive capacity (such as flood defences) has been taken into account within the data from the [Klimaateffectenatlas](#).

Of our entire mortgage portfolio, approximately 74% is aligned with DNSH-criteria. Of the unaligned mortgages, approximately 14% is due to insufficient data, and 12% due to climate risk scores that exceed our CRVA's thresholds. In 2024 we will continue to collect additional data to fill in remaining gaps in our assessment. Additionally, we will continue our efforts with peers and the EEM NL Hub to further harmonise DNSH practices within the Dutch financial sector. Achmea Bank uses four physical climate risk types in this CRVA, as detailed in the following sections.

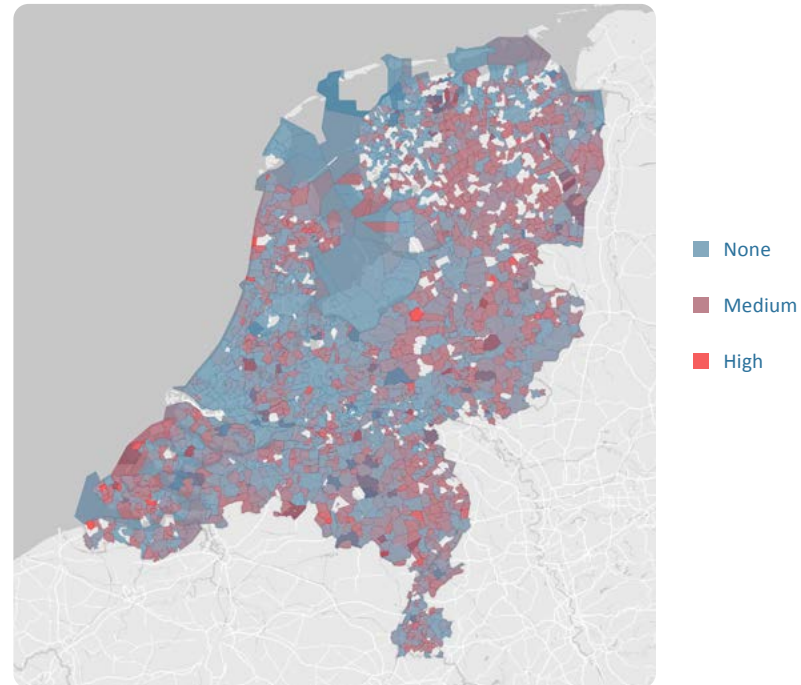


### Wildfire risk in 2050

Most wildfires in our country are caused by human activity, either intentionally or by carelessness. However, due to climate change, wildfires are expected to occur more frequently in the future. The intensity, duration, spread and frequency of the wildfire may be attributed to factors such as dryness of soil, fire sensitive vegetation or recreational traffic.

The Netherlands is a densely populated country. Consequently, wildfires can potentially have a major impact and cause substantial damage. Wildfires may cause large scale evacuations and catastrophic damage beyond repair in residential areas, if the fire cannot be contained in time. The excessive cost of repairs, as well as loss of valuable belongings could cause significant difficulties to our customers. In case of default, the damages may also significantly reduce the value of the collateral building. Achmea Bank considers wildfire risk as unaligned with DNSH when the environment score is valued at 'high'.

Wildfire exposure in 2050



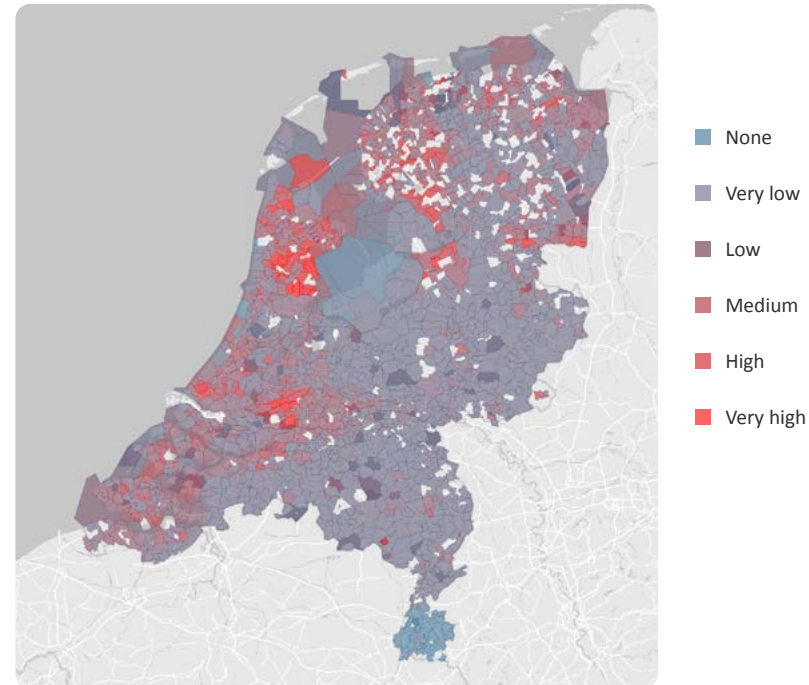
	Aligned	Not aligned	Insufficient data
Wildfire	85%	1%	14%

### Foundation support risk in 2050

Many buildings constructed before 1975 have been built on wooden pole foundations or on shallow steel foundations that may be prone to pole rot or land subsidence respectively. Pole rot already poses risks to buildings, even in the current climate. Drought from climate change is expected to increase the probability of damaged foundation support.

High susceptibility to pole rot or land subsidence could cause catastrophic damages to residential buildings. In some cases, issues with the foundation support may cause heavy damages to floors or (load bearing) walls. The excessive cost of repairs could cause significant difficulties to our customers. In case of default, the damages may also significantly decrease the value of the collateral building. Achmea Bank considers pole rot and land subsidence risks as unaligned with DNSH when the environment score is valued at 'high' or 'very high'.

Foundation support exposure in 2050



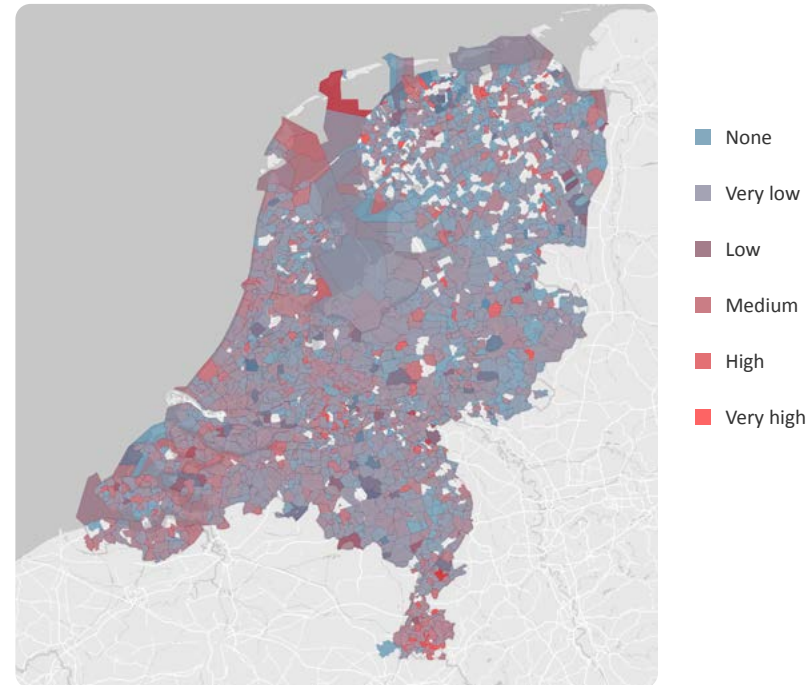
	Aligned	Not aligned	Insufficient data
Foundation support	81%	5%	14%

### Water precipitation risk in 2050

A substantial portion of Dutch streets and squares may flood during heavy precipitation. This CRVA uses an extreme, brief precipitation scenario of 70mm of precipitation in 2 hours. This kind of storm will occur, on average, once every 100 years, but this probability is expected to double as a result of climate change by 2100. Severe downpours may flood a substantial proportion of streets and squares in the Netherlands. Most of the damage is caused by water flowing into buildings (across the sidewalks).

Costs of repairs due to water damages, as well as loss of valuable belongings, could cause difficulties to our customers, which could result in arrears. However, at this time we do not expect many defaults or major write-offs due to heavy water precipitation. Achmea Bank considers water precipitation risk as unaligned with DNSH when the environment score is valued at 'very high', which equates to more than 30 centimeters of water depth. Buildings constructed after 2012 are not yet included in the Klimaateffectenatlas, due to outdated height maps. Therefore, the alignment for these buildings is distributed in line with the rest of our portfolio.

Water precipitation exposure in 2050 (1:100years)



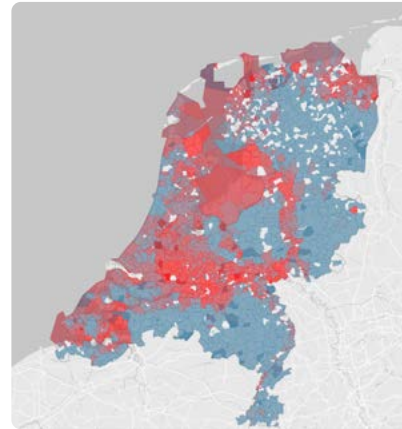
	Aligned	Not aligned	Insufficient data
Water precipitation	80%	6%	14%

### Flooding risk in 2050

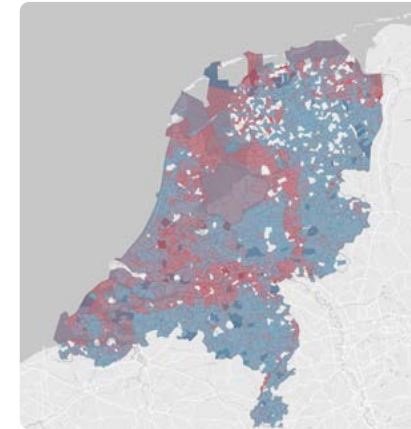
Unless carbon emissions are lowered, climate change may cause sea levels to rise up to 1.2 meters, or even up to 2 meters if ice caps become more unstable. Our CRVA combines two maps from the Klimaateffectenatlas to form a flooding risk matrix. The first map, the current maximum water depth in 2022, uses an extreme flooding scenario that is expected to occur once every 100,000 years. The second map, the local flooding probability in 2050, shows the likelihood of a flood in 2050, in which the water rises at least 20 centimeters. This map also takes into account the maximum acceptable probability of flooding applicable by 2050, as set in the Dutch Water Act. Due to the existing and planned flood defences of the ‘Deltawerken’, the exposure in the local likelihood of flooding in 2050 is limited in most areas of the country.

Susceptibility to flood risk could cause catastrophic damages to residential buildings. Depending on the severity, the excessive cost of repairs as well as loss of valuable belongings, could cause significant difficulties to our customers. In case of default, the damages may significantly reduce the collateral value. Achmea Bank considers flooding risk as unaligned with DNSH when the environment score on both flooding maps is valued at least ‘medium’ or ‘high’. This equates to a maximum water depth of more than 1 meter, in combination with a likelihood of more often than once every 300 years.

Flooding depth in 2022 (1:100,000 years)



Flooding likelihood in 2050



■ None   ■ Very low   ■ Low   ■ Medium   ■ High

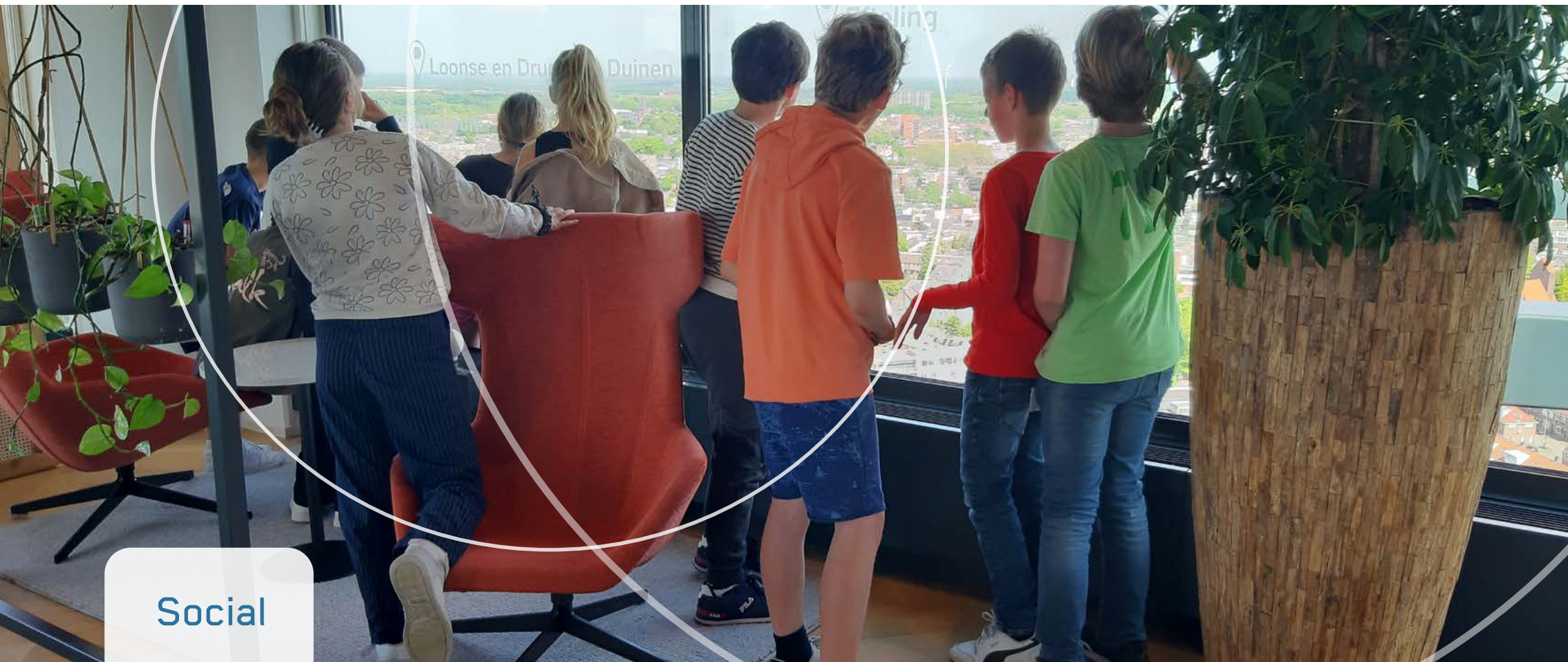
	Aligned	Not aligned	Insufficient data
Flooding risk	85%	1%	14%

## Minimum Safeguards

The Minimum Safeguards (MS) include procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

When it comes to MS-criteria, Achmea Bank agrees with the DEEMF guidance to the MS, which states: “The EU Taxonomy describes that the procedures with respect Minimum Safeguards shall be implemented by the undertaking carrying out the economic activity. We assess the MS in the context of the economic activities as described in Sections 7.2 – 7.7 of the Climate Delegated Act – Annex I. We conclude that a (residential) building owner is not an undertaking, and therefore that the MS are not applicable when considering EU Taxonomy alignment for loans to consumers (homeowners).”

Therefore, as Achmea Bank only applies the MS-criteria to mortgage lending under section 7.7 – acquisition and ownership of buildings, we consider all consumer household mortgage loans compliant with the Minimum Safeguards.



## Social

## Accessibility for all stakeholder groups

At Achmea, our purpose is Sustainable Living Together. We strive for a sustainable and inclusive society in which we enjoy living together and no one feels left out. This means that we respect human and labour rights, promote equal opportunities and increase inclusiveness. We strive to contribute to adequate housing for all. Additionally, together with our partners and peers, we work towards improving the financial wellbeing and independence of our customers and contribute to financial education of young people. Our most important social targets and results in 2023 for each stakeholder are outlined in this chapter.

## Customers

Together with our partners we play an important part in access to the Dutch housing market and financial wellbeing in Dutch society. With our mortgage, savings and investment products and services, we are relevant in the lives of more than 450.000 households. We aim to contribute to the financial wellbeing of our customers by providing an overview, understanding and actionable insights in the financial situation of our customers. But our responsibility as a lending institution also stretches beyond that. In addition to applying a responsible credit policy, we collaborate with our customers when payment problems arise to find a

solution that suits the customers' needs as well as our responsibility as a financial institution.

Together with independent mortgage advisors, we play a key role in raising awareness that customers can make their homes more sustainable. That is why it is important that the options for making the home more sustainable are discussed in the consultations between the advisor and the customer. We encourage this discussion by drawing attention to the possibility of an energy-saving budget and energy-saving facilities in the mortgage proposal. In addition, we offer a training course by Centraal Beheer's Advice Academy, which teaches mortgage advisors how to apply sustainability advice during mortgage consultations.

We seek a fair, proactive and transparent dialogue with our customers in order to consider their interests and to ensure that their ideas and suggestions are considered e.g., when developing products and services. Achmea Bank engages with its clients and creates opportunities for feedback. The NPS survey is a good measure to monitor customer wishes. With ESG values integrated in our strategy, we believe customers should be engaged in solutions that help them create a better and sustainable life. We are actively involved in several initiatives to connect with our customers, such as:

- Customer Council - Centraal Beheer regularly engages in dialogue with customers. Through the customer council, our customers also have a direct voice in our organisation. The customer council participates in the

development of new services, products and communication. In addition, we organise customer centric dialogue sessions where we invite customers to talk about our products and services. In 2023, Centraal Beheer has organised a customer dialogue session about construction deposits.

- Development of products and services for a more sustainable living at Centraal Beheer, with for example sustainability advice, solar panel installation and other products for more sustainable living.
- Approximately eighty parties from the mortgage market have joined forces to accelerate the process of making the Dutch owner-occupied property market more sustainable. The ‘Sectorcollectief Duurzaam Wonen’ was launched with the goal of making the sustainability of properties a fixed component of every mortgage consultation.

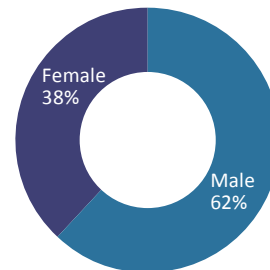
To assess whether customer satisfaction reflects these efforts, we measure our net promoter scores (NPSs) for various inhouse executed processes. An important target for us is customer loyalty and the NPS of our savings and our mortgage processes. The loyalty (NPS) is measured by our distribution partner Centraal Beheer. Our aim is to have an NPS of 50 in 2030, our target for 2023 was an NPS of 30. In 2023 the measured NPS for mortgages and savings was 32.

## Our role of employer

We have several policies in place that contribute to the wellbeing and development of our employees. Achmea offers an unlimited education budget, which enables employees to learn and develop as much as they want. We also organise internal networks for diversity, such as our LGBTQIA+ network ‘HoIA!’ and our network ‘Kleurrijk Achmea’. In 2023 Achmea introduced a climate budget for all employees; the organisation provides a budget to spend €2,500 on sustainable solutions for home, household appliances or mobility.

Achmea Bank also measures gender distribution of employees, as well as senior management positions. We also have a target to employ at least 40% female and 40% male positions on either level. At year-end 2023, gender distribution among employees was as illustrated below.

Total male - female ratio



Male - female ratio in senior leading positions





Our ambition on the social aspect of being employer extends to our central theme of financial fitness and wellbeing in Dutch society. As part of our HR policy, our employees are entitled to four extra days off for communal service. Our aim is to empower our employees to contribute to financial literacy and wellbeing. Our target is to host at least 50 guest lessons in primary schools each year for the 'Bankers in the classroom' initiative of the Dutch Banking Association. In 2023, we took part in 49 classes.

We have introduced a 34-hour working week with the option for employees to work more or less. This flexibility offers employees the opportunity to better coordinate their work-life balance. Being vital is intrinsically important and has a positive influence on productivity and performance and that radiates everyone's environment. Through the awareness program 'Healthy Working', attention is paid to exercise, nutrition and relaxation and we ensure a healthy workplace. Our office and the outdoor area are non-smoking and various workplaces are equipped with a desk bike or sit-stand desks. Our workplace is flexible, we work independently of time and place in the place that best suits the activity we do. In addition, we offer employees a free health check and support in the form of a company doctor, physiotherapist, psychologist, dietician and work/life coach. Employees can make an appointment themselves, anonymously and without intervention.

We also believe it is important that our employees remain financially fit. We therefore have a financial safety net for and by colleagues: the Achmea

Social Security Fund (SVA). Employees can turn to SVA if they are confronted with unforeseen costs resulting from unforeseen circumstances, such as a divorce or the death of a partner. The fund can offer three different forms of (financial) aid: Prevention, Budget Coaching and Financial Aid.

## Partners

Our social responsibility also stretches to our partners with whom we work to deliver our services. Achmea Bank ensures that our outsourcing partners act according to ethical norms and international standards for labour and human rights, including the prohibition of child labour. Our most important target in this aspect, is to continue working according to our policies on these issues in our procurement activities, which are outlined in Achmea Group's Sustainability Statement. In addition to this, we continuously monitor these norms in our engagement activities with our partners.

## Transparency for our investors

As part of the Achmea Group, we are a company with a mutual background, which has a longstanding history in social and sustainable contributions to society. It is also in our investors' interest that their investments are also allocated to these contributions. Therefore, we provide transparency in our

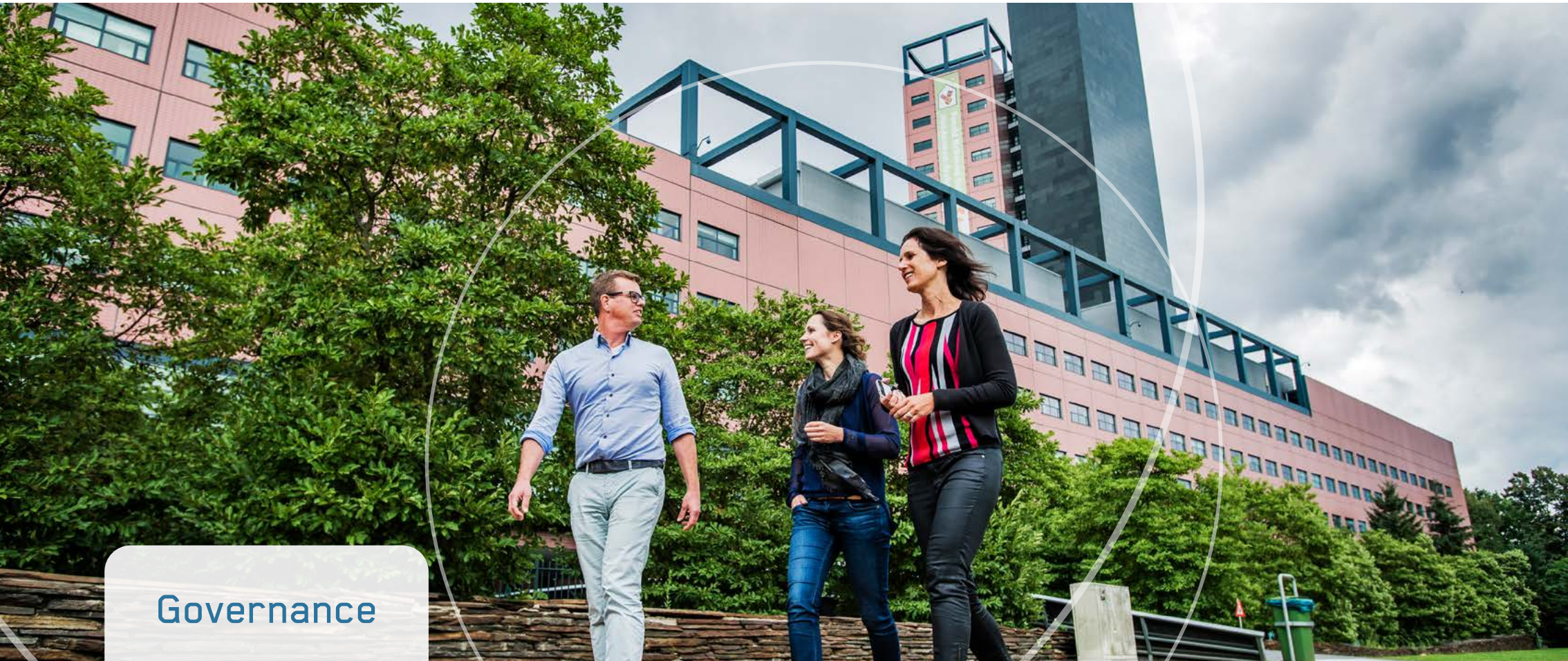
ESG ratings and strive to implement any feedback that these ratings may provide to improve our efforts. In 2023, our ESG risk rating by Sustainalytics, improved from 22.5 to 20.9 (medium risk).

## Preventative & Special Asset Management

We are committed to sustainable home preservation for our customers. We also assist our customers in (financially) difficult times. Together with the customer, we look for a suitable mortgage solution for now and in the future. By actively supporting and guiding customers in their personal and financial situation, we strive for a future-proof solution and offer help to increase their self-reliance. In 2023, of all clients with payment difficulties who have been assisted by our Special Asset Management team, 96% have recovered permanently. The average processing time of cases was 5 months.

We also offer clients the help of budget coaches. Discussions with clients have revealed that they themselves did not have sufficient insight into their own finances. Restoring or increasing this insight often requires a lengthy and intensive process. The aim of the budget coach is to increase our customers' independence. This reduces the chances of getting into financial difficulties. This also enables our Preventative & Special Asset Management team to cooperate with the client and find a solution to the (payment) difficulties.

Every month, we approach clients to test how they have experienced the help they have received from our Preventative & Special Asset Management team. On average, clients rated our support an 8.5 out of 10. This feedback is very valuable to us. Not only to check where our processes function well (e.g. trust, respectful treatment and helpfulness), but also where we as a team can still improve (e.g. lack of an online customer portal or processing times).



# Governance

## A reliable bank for all stakeholders

Our joint ambition as Achmea Group is to create sustainable value for our customers, employees, company and society at large through our ‘Sustainable Living Together’ vision. Sustainable value creation also means that we assume responsibility to contribute to achieving the global climate goals. Achmea Bank works together with the other divisions of Achmea Group but also has its own initiatives and responsibilities for our own specific focus area. This is done via the ‘Sustainable Living Together’ programme, under the responsibility of the Managing Board.

In addition to Achmea’s ‘Sustainable Living Together’ programme, Achmea Bank has its own governance structure for embedding and anchoring ESG into its culture, products and activities. Achmea Bank genuinely believes that we have a social responsibility to contribute to combating climate change.

ESG governance is a current and important theme. Under the influence of our strategy, purpose and legislative frameworks, ESG will increasingly become more integrated into our business operations. Managing ESG therefore increasingly requires integration into all aspects of the organization. This is still an ongoing process in which we keep adapting to new developments and requirements.

Achmea Bank wants to contribute to the energy transition through our role as a mortgage provider. As a bank, we enable consumers to make their homes more sustainable by providing for example mortgages and green loans. For now, and in the future. We offer inclusive financial products and communicate in a transparent and accessible way. Within the next years we are keen on further explore and act in the field of activating and helping consumers to actually make their houses more sustainable. Given the complexity of these challenges, we believe that collaboration between Achmea, its partners, society and the government is essential for success.

Within Achmea Bank, the ESG theme falls under the responsibility of the Chairman of the Managing Board. An ESG Officer is appointed who acts as the coordinator, advisor and driver of the ESG theme within Achmea Bank. The ESG Officer also has a functional relationship with the CSR director at Achmea group level.

We believe climate-related issues are most effectively managed when incorporated in existing processes. To that end, each department integrates sustainability in their operations and reports to the Managing Board on their efforts in climate-related and environmental challenges and issues frequently and consistently. To properly integrate ESG values into our policies, we also continuously educate our Managing Board, Supervisory Board, senior management and other internal stakeholders.

We have also started to integrate the Climate-related and Environmental risks in our risk management process, which will continue to be enhanced in 2024. We believe climate and sustainability risk is most effectively addressed by incorporating it in existing committees. Our committees consist of both senior management and employees from varying departments. Each committee integrates sustainability.

Our mission and strategy reflects our position as a bank focusing on social and sustainable contributions to society. Together with our partners and employees, our intention is to anchor integrity in our governance structure, policies and guidelines and effectively control our processes. Most importantly, we aim to take a customer-centred approach in all business processes and committees, such as the Product Approval and Review Process (PARP) and the product review committee. Additionally, we include the customer's expectations into account through customer dialogue sessions and co-development together with customers. In cooperation with our partner Centraal Beheer, we have hosted these sessions in 2023, with subjects like the use of the construction deposit, execution only and the further development of the digital 'my Centraal Beheer environment' for mortgage customers.

### Integrating sustainability into the product development process

We want our products and services to closely match the wishes of our customers. To ensure that these are appropriate and meet all guidelines and

requirements, we work according to the Product Approval and Review Process (PARP). On the one hand, the PARP process offers a testing framework for processes: clearly laid down responsibilities, stimulation of self-critical ability, well-defined target group determination, extensive scenario analyses and product comparison, seamless and smooth connection with relevant other processes in the product chain. We ensure a timely evaluation of all products in our portfolio. Sustainability is also integrated into our PARP and the accompanying policy. This involves assessing whether the product contributes to Achmea's environmental or social objectives, taking into account relevant legislation and regulations such as the European Union's taxonomy and transparency regulation.

### Integration of sustainability into remuneration policy

Achmea's general remuneration policy focuses on encouraging employees to define goals for their contribution to sustainability. Integrating sustainability into the remuneration policy supports the achievement of the broader sustainability goals of Achmea Bank. More information about Integrating sustainability into remuneration policy can be found in [this](#) document.

### Banking Code

Achmea Bank applies the Banking Code. We therefore undertake to account for compliance with the Code in our annual report via the comply or explain principle. Together with the Social Charter and the code of conduct associated with the banker's oath, the Banking Code forms the Future-Oriented

Banking package. The aim of this package is to make an important contribution to restoring public confidence in banks and their role in society. The Banking Code focuses in particular on the role of the bank's Managing Board and Supervisory Board and on the function of risk management and auditing at banks. The Banking Code also contains principles about remuneration.

### Incorporating sustainability in the privacy policy

Achmea Bank respects, and is committed to protect, customer data. Achmea Group has drawn up overarching (IT)security policies and measures to protect customer data. Achmea has a [Privacy Policy](#) that describes how we process and protect customer data in compliance with applicable data protection laws. Achmea's public [Privacy Statement](#) can be found on the Achmea website.

We handle the data entrusted to us carefully and transparently. We use data in an ethically-sound manner, so our customers can conduct their business safely and securely. Therefore Achmea has an [Ethical Framework](#) (in Dutch) in which basic principles are laid down for the responsible use of artificial intelligence, chatbots and other data-driven applications. The goal of the framework is to prevent us discriminating against and/or, excluding customers and treating our customers unfairly.

### We are only able to fulfil our ambition through the efforts and talents of our colleagues

Investing in talent development is important to us. For example, in the past few years we have made efforts to improve work-life balance by introducing and implementing a 34-hour working week. We want to help colleagues to do their best work, and we want to be regarded as an employer where all can thrive. Therefore, we measure the involvement of our employees in our yearly employee engagement survey. We strive for a score of 8/10 on the 'enthusiasm' and the 'development and deployment of talent' metrics. In 2023, we almost reached our metrics; the scores were 7.9 on enthusiasm and 7.8 on development and deployment of talent.

### We actively seek dialogue with our partners on ESG

Achmea Bank' strategy entails outsourcing activities to partners. So, it is key that our partners share our vision and our aims to apply good governance and customer centricity. Achmea Bank continuously monitors the quality of the services provided by our partners. In regular engagement meetings, as agreed upon in each contract, we analyse the services concerned and optimise them where necessary. Since 2021, all necessary procedures, contractual clauses and policies are in place to comply with the European Banking Authority (EBA) Guidelines on outsourcing arrangements.

## Transparency and balance in the interests of investors and other stakeholders

Achmea Bank has a wide range of capital and liquidity sources. These include savings, secured and unsecured funding programmes. We believe that the best way to maintain excellent relationships with our stakeholders and the wider financial community is through open and honest dialogue. We have an accessible investor relations team and have active dialogue with our investors. We strive to balance the interests of all stakeholders while honouring long-term commitments to our customers. In terms of governance, our aim is for maximum transparency by reporting on our ESG- metrics and approach as set out in this report.

## Customer Due Diligence

To control relational integrity, Achmea Bank periodically carries out risk analyses. In order to manage identified risks, we conduct research into the identity, nature and background of business relationships, among other things. Both prior to the conclusion of the agreement or the service and during the term. This is part of the Customer Due Diligence (CDD) policy. In the CDD policy, Achmea Bank sets out its principles, frameworks and guidelines for the management of relational integrity risks. The control framework is based on current laws and regulations and relevant policies or guidelines from public parties such as ministries and regulators.

In order to prevent the risks of violation of, among others, the Sanctions Act, money laundering and terrorist financing (Wwft), Achmea Bank carries out relationship research in advance. In doing so, we examine, among other things, who the relationship is and what the activities of the stakeholder are. We also carry out checks during the term of the agreement and in the event of payments. If there is a hit on the sanctions lists, we freeze the assets of the relationship and report to the regulator, and when unusual transactions are detected, we report to the Financial Intelligence Unit.



# UNEP FI Principles for Responsible Banking



## UNEP FI Principles for Responsible Banking

In March 2022 Achmea Bank signed the Principles of Responsible Banking (PRB). The UN Principles for Responsible Banking is a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

Banks who have signed the Principles commit to be ambitious in their sustainability strategies, working to streamline and embed sustainability into the heart of our business, while allowing us to remain at the forefront of sustainable finance. Under the Principles, signatory banks measure the environmental and social impact resulting from their business activities, set and implement targets where they have the most significant impact, and regularly report publicly on their progress. The Principles provide a framework for banks to systematically understand the risks and seize the opportunities arising from the transition to more sustainable economies. This year marks our second reporting year under the principles.

Since this is our second year of reporting on PRB we worked on improvements of our alignment based on feedback from and the steps formulated by UNEP FI. Our main steps were the continuation of our self-assessment, further development into our CO<sub>2</sub> reduction pathway, creating a new and enhanced ESG strategy and the preparations on the Corporate Sustainability Reporting Directive (CSRD). The self-assessment, for example, helps us to check if we focus on the right topics for our market in the Netherlands.

## Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### 1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g., the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e., by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response	Links and references
<ul style="list-style-type: none"><li>Achmea Bank has a mortgage portfolio of approximately EUR 14 billion and manages savings of approximately EUR 9 billion.</li><li>As of 2023 we also offer retail investment services, related to products managed by our partner Achmea Investment Management These products are not in scope of this impact analysis. For the retail investment products, we only execute administration services and the reception and transmission of orders, not the fund management.</li><li>We serve customers almost exclusively in the Netherlands.</li><li>Our customers are primarily private individuals and self-employed persons.</li><li>We function as a network bank, collaborating with our partners such as Syntrus Achmea Hypotheken, Centraal Beheer, and Achmea Investment Management.</li><li>As a network bank, we consider portfolio acquisitions and origination of newly originated mortgages of external platforms as an important element in our growth strategy. Together with these partners and their customer facing brands we aim to find sustainable solutions for existing customers and new propositions.</li><li>Achmea Bank is part of Achmea's Retirement Services strategy. As part of Achmea's purpose 'Sustainable Living Together', its Retirement Services strategy allows customers to have and generate income for today and tomorrow. Our shared ambition is making the whole of the Netherlands financially fit and self-reliant.</li></ul>	<a href="#">Our ESG Ambitions</a>

## 1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: EU Taxonomy Climate Delegated Act, OECD Guidelines

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: \_\_\_\_\_

None of the above

Response	Links and references
<ul style="list-style-type: none"><li>• Our vision is 'Sustainable living Together'.</li></ul>	<a href="#">Our ESG Ambitions</a>
<ul style="list-style-type: none"><li>• Our ESG vision incorporates SDGs 10, 11 and 13.</li></ul>	
<ul style="list-style-type: none"><li>• The Paris Climate Agreement is incorporated in our strategy. Achmea is also signatory of the Climate Commitment of the Dutch financial sector.</li></ul>	<a href="#">Operational emissions</a>
<ul style="list-style-type: none"><li>• Achmea aims to achieve fully sustainable and climate-neutral internal business operations by 2030.</li></ul>	
<ul style="list-style-type: none"><li>• Our current ambition is to achieve average EPC label A for mortgages on our balance sheet in 2030. In 2024 we will be working on a well-founded plan that focuses on our own portfolio and strategic choices, so that we can set a more precise and tailor-made target for Achmea Bank.</li></ul>	<a href="#">Financed emissions</a>
<ul style="list-style-type: none"><li>• We aim to reduce the financed carbon emissions of our mortgage portfolio according to the Paris Climate Agreement using Science Based Targets based on the methodology of the SBTi. This year we used the most recent scenarios and calculation methods of PCAF and CRREM to benchmark for our portfolio.</li></ul>	<a href="#">Achmea Human Rights and Labour Rights statement</a>

Response	Links and references
<ul style="list-style-type: none"> <li>Achmea Bank participates in the Partnership for Carbon Accounting Financials (PCAF) and the Energy Efficient Mortgage Hub Netherlands (EEM NL Hub).</li> <li>We apply the TCFD framework to our annual reporting.</li> <li>Achmea tests its responsible investment policy against the Global Compact of the United Nations. We use these principles as a guideline when conducting engagement and completing part of the exclusion policy. The Global Compact includes: the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption.</li> </ul>	

## Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis

Show that your bank has performed an impact analysis of its portfolios to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d).

- a) **Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response	Links and references
<ul style="list-style-type: none"> <li>We serve customers almost exclusively located in the Netherlands.</li> <li>Our focus is on residential mortgages and consumer savings.</li> <li>Our Sustainability Strategy sets out the areas where we believe we can create sustainable, long-term value for our stakeholders, aligning with the Sustainable Development Goals and the Paris Agreement.</li> <li>As of 2023 we also offer retail investment products, managed by our partner Achmea Investment Management. These products are not in scope of this impact analysis. For the retail investment products, we only execute administration services and the reception and transmission of orders, not the fund management.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p>

- b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
- i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
  - ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response	Links and references
<ul style="list-style-type: none"> <li>• Achmea Bank's assets consist for 89% of residential mortgages to households. We provide mortgage products with several redemption types, such as annuity, linear and interest-only loans.</li> <li>• Our funding mix consists of 64% retail savings. We provide on demand and agreed maturity deposit products, as well as saving deposits linked to mortgages and pension savings.</li> <li>• Our customers are primarily private individuals and self-employed persons in the Netherlands. We serve customers of all genders, ages and income brackets.</li> <li>• Mortgages and savings are our main business. The consumer banking identification module therefore also identifies this as our main products.</li> </ul>	<a href="#">EU Taxonomy for Sustainable Activities</a>

- c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response	Links and references
<ul style="list-style-type: none"> <li>• The main challenges in de Dutch housing market are access and availability. With our products we can help make the housing market more accessible. One of the points of attention in the Dutch market is financial vulnerability. With our savings products we help our customers to build wealth and thus become less financially vulnerable. To make as much impact as possible on these topics, we work closely with our partners.</li> <li>• The Netherlands is a country that is vulnerable to the consequences of climate risk. We also aim to play a role in making our customers and society more resilient to the consequences of climate change and stimulating the transition to a climate neutral society.</li> <li>• One of the main sustainability challenges in our impact analysis concerns data availability and quality. To effectively help our customers with the sustainability of their homes, we must collect accurate and reliable data on the energy efficiency of their homes. This also requires government agencies to provide the required data, while also considering privacy regulations.</li> </ul>	<a href="#">Our ESG Ambitions</a> <a href="#">Financed emissions transition plan</a>

Response	Links and references
<ul style="list-style-type: none"> <li>Measurement and target setting of our ESG impact must be comparable with our peers in the context of our disclosures. To improve the quality and harmonisation of our disclosures and targets we will continue to work with sector wide partnerships with our peers, such as PCAF and the EEM NL Hub.</li> <li>The extent to which our targets can be met depends in part on (external) factors over which Achmea Bank exerts little influence, such as the sustainability of the Dutch energy mix, availability of materials/installation professionals for sustainability measures and government legislature/regulation.</li> </ul>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.</p>	
<ul style="list-style-type: none"> <li>We consider Achmea Bank’s most significant impact area is climate change mitigation. We believe we may have a positive impact in this area, however negative impacts (such as transition risks) are also expected to be applicable. This was our main focus in 2023, also due to the way climate change mitigation is integrated in our EU Taxonomy assessment of our portfolio.</li> <li>Achmea Bank will assess a second significant impact area in 2024, based on the Double Materiality Assessment for the CSRD. This is currently in progress, and will help us to further develop our ESG strategy and align our risk assessments, targets and policies.</li> </ul>	<p><a href="#">EU Taxonomy for Sustainable Activities</a></p>
<p><b>d) Performance measurement:</b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.</p>	
Response	Links and references
<ul style="list-style-type: none"> <li>Achmea Bank primarily focuses on residential mortgage customers and savings customers. We consider our residential mortgage portfolio to be our focus area for impact.</li> <li>As a mortgage provider, we can encourage our customers to become more sustainable. We can do this through financial incentives and through communicative incentives.</li> <li>Ultimately, it is the homeowner who decides whether to actually make their home more sustainable.</li> <li>In the coming years, we want to further expand the possibilities to encourage and facilitate our customers to make the transition.</li> </ul>	<p><a href="#">Financed emissions transition plan</a></p>

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### Self-assessment summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- Scope:  Yes  In progress  No
- Portfolio composition:  Yes  In progress  No
- Context:  Yes  In progress  No
- Performance measurement:  Yes  In progress  No
- 

### Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

- We consider Achmea Bank's most significant impact area is climate change mitigation. We believe we may have a positive impact in this area, however negative impacts (such as transition risks) are also expected to be applicable. This was our main focus in 2023, also due to the way climate change mitigation is integrated in our EU Taxonomy assessment of our portfolio.
  - Achmea Bank will assess a second significant impact area in 2024, based on the Double Materiality Assessment for the CSRD. This is currently in progress, and will help us to further develop our ESG strategy and align our risk assessments, targets and policies.
- 

### How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication
-

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## 2.2 Target Setting

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

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**a) Alignment:** Which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

Response	Links and references
<p>Our Sustainable Development Goals include:</p> <ul style="list-style-type: none"><li>• SDG 10: Every year our employees provide guest lessons at primary schools during the 'Money Week'. We aim at a minimum of 50.</li><li>• SDG 11: Our current ambition is to achieve average EPC label A of our portfolio in 2030. In 2024 we will be working on a well-founded plan that focuses on our own portfolio and strategic choices, so that we can set a more precise and tailor-made target for Achmea Bank. We also aim to reduce the carbon emissions from our mortgage portfolio to net-zero by 2050.</li><li>• SDG 13: We aim for carbon neutrality from our business operations by 2030.</li></ul> <p>Achmea Bank also applies the following commitments and frameworks:</p> <ul style="list-style-type: none"><li>• The Paris Agreement.</li><li>• The Dutch Climate Agreement.</li><li>• The Partnership for Carbon Accounting Financials.</li><li>• The Energy Efficient Mortgage Hub Netherlands.</li><li>• The Science-Based Targets initiative and the Carbon Risk Real Estate Monitor.</li><li>• The Principles for Responsible Banking Framework.</li></ul>	<a href="#">Our ESG Ambitions</a>



**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response	Links and references
Financial Health and Inclusion: <ul style="list-style-type: none"> <li>SDG 10: In 2023 we organised 49 guest lessons.</li> </ul>	<a href="#">Our ESG Ambitions</a>
Climate change mitigation: <ul style="list-style-type: none"> <li>SDG 11: The average EPC label in our base year (2020) was C and in 2023 as well. Using the method provided by CRREM, we have calculated how much we need to reduce carbon emissions to have an almost climate-neutral mortgage portfolio in 2050 (net-zero). In our baseline year (2022), our financed carbon intensity was 26.7 kg/m<sup>2</sup> and in 2023 this amounted to 25.8 kg/m<sup>2</sup>.</li> <li>SDG 13: In the baseline year of 2019 our operational carbon footprint amounted to 1.1 kt CO<sub>2</sub>e and in 2023 this amounted to 0.4 kt CO<sub>2</sub>e.</li> </ul>	<a href="#">Financed emissions</a>  <a href="#">Operational carbon emissions</a>

**c) SMART targets:** (incl. key performance indicators (KPIs): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response	Links and references
Climate change mitigation: <ul style="list-style-type: none"> <li>Achmea aims to achieve a sustainable and climate-neutral business operations by 2030. In tangible terms, this means that as of 2030 the carbon footprint of our business operations should be net-zero.</li> <li>Using the method provided by the SBTi, we have calculated how much we need to reduce carbon emissions to have an almost climate-neutral mortgage portfolio in 2050 (net-zero). This means we need to reduce the carbon emissions from our mortgage portfolio with an estimated -58% by 2030, from our 2022 base year to align with a below 1.5°C pathway.</li> </ul>	<a href="#">Operational emissions targets</a>  <a href="#">Financed emission targets</a>

d) **Action plan:** Which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response	Links and references
<p>Climate change mitigation:</p> <ul style="list-style-type: none"> <li>• Due to the longevity of our 2050 climate-related commitments, our main milestone is leading up to 2030.</li> <li>• Our approach is based on five pillars, four of which are aimed at helping customers make their homes more sustainable and one that relates to green funding.</li> <li>• This ESG Impact Report outlines the transition plans towards our 2030 goals for our operational and financed emissions.</li> </ul>	<p><a href="#">Operational emissions transition plan</a></p> <p><a href="#">Financed emissions transition plan</a></p>

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	First area of most significant impact: climate change mitigation:			Second area of most significant impact: to be determined		
Alignment:	<input checked="" type="radio"/> Yes	<input type="radio"/> In progress	<input type="radio"/> No	<input type="radio"/> Yes	<input type="radio"/> In progress	<input checked="" type="radio"/> No
Baseline:	<input checked="" type="radio"/> Yes	<input type="radio"/> In progress	<input type="radio"/> No	<input type="radio"/> Yes	<input type="radio"/> In progress	<input checked="" type="radio"/> No
SMART targets:	<input type="radio"/> Yes	<input checked="" type="radio"/> In progress	<input type="radio"/> No	<input type="radio"/> Yes	<input type="radio"/> In progress	<input checked="" type="radio"/> No
Action plan:	<input type="radio"/> Yes	<input checked="" type="radio"/> In progress	<input type="radio"/> No	<input type="radio"/> Yes	<input type="radio"/> In progress	<input checked="" type="radio"/> No

## 2.3 Target implementation and monitoring

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response	Links and references
Our ESG activities are explained and detailed in this report. Some of the main initiatives for target implementation and monitoring include:	<a href="#">Governance</a>
Overall targets:	<a href="#">Social</a>
<ul style="list-style-type: none"><li>We aim to include ESG in remuneration policy through Shareholder Value Management (SVM) and target setting to senior managers goals (in coordination with the Achmea group).</li><li>Inclusion in permanent education programme Management and Supervisory Board.</li><li>Monitoring prudential sustainability legislation.</li><li>Monitoring behavioural legislation.</li><li>Raising awareness within Achmea Bank (internal communication).</li><li>Increase engagement with partners on ESG (also due to role as network bank).</li><li>The Green Finance Framework is implemented and Achmea has issued its first green bonds.</li></ul>	<a href="#">Mortgage lending</a>
Financial Health and Inclusion:	<a href="#">Internal operations</a>
<ul style="list-style-type: none"><li>SDG 10: Every year our employees provide guest lessons at primary schools during the 'Money Week'. We aim at a minimum of 50.</li></ul>	
Climate change mitigation:	
<ul style="list-style-type: none"><li>SDG 11: A yearly impact report with our carbon emissions based on methods provided by the Partnership for Carbon Accounting Financials (PCAF). This year's report also includes our transition plans.</li><li>SDG 13: Net-zero banking operations by 2030. The systematic reduction of our environmental footprint is an important part our understanding of sustainability. We reach this by a combination of reduction, efficiency and compensation. Net zero financed emissions of mortgages portfolio by 2050</li></ul>	

## Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes  In progress  No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes  In progress  No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Response	Links and references
<ul style="list-style-type: none"><li>The highest negative impact on climate is caused by the financed carbon emissions of our mortgage portfolio. We have a sustainability policy on housing, KPIs on the energy efficiency score of our mortgages and programs to encourage homeowners to make their houses more sustainable.</li><li>We serve 450,000 households with our products. We seek a fair, proactive and transparent dialogue with our customers to systematically consider their interests and to ensure that their ideas and suggestions are taken into account e.g., when developing products and services.</li><li>We collaborate closely with Centraal Beheer to stimulate our customers to make sustainability-related improvements to their homes, such as measures to save energy and help them out to make their homes more sustainable.</li><li>We are currently implementing the possibility for customers to receive an interest discount for a home with energy efficiency rating of A or higher and the possibility to arrange an execution only sustainability loan.</li><li>Together with Centraal Beheer we offer training on sustainability to financial advisers.</li><li>We have a customer council and customer centric dialogue sessions.</li><li>We encourage customers to save or invest by offering good propositions with attractive conditions and/or interest rates.</li><li>Our Preventative &amp; Special Asset Management team assists customers in (financially) difficult times. By actively supporting and guiding customers in their personal and financial situation, we strive for a future-proof solution and offer help to increase their self-reliance.</li></ul>	<a href="#">Customers</a>

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### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response	Links and references
<ul style="list-style-type: none"><li>• We strive to make a positive impact on SDGs 10, 11 and 13.</li><li>• We offer services such as Centraal Beheer’s ‘Duurzaam Woongemak’ with services for making homes more sustainable (insulation, solar panels, home batteries, heat pumps and green roofs).</li><li>• We offer our customers the option of financing energy-saving products as part of their mortgage. Customers do not immediately need to present a plan for how the budget will be spent. The Energy-Saving Budget (EBB) can be kept in deposit for up to two years.</li><li>• We offer a longer quotation period for new-build homes. So that this is in line with the process that buyers of new-build homes must go through.</li><li>• We added a “green loan” to the mortgage offering in 2023, with which the additional loan for sustainability can be co-financed at a lower interest rate. We also want to make it easier for existing customers to take out an additional loan for energy-saving facilities. And we are investigating the possibilities for a discount on the mortgage for homes with A+ labels or better.</li><li>• We monitor the average energy efficiency score of our mortgage portfolio.</li><li>• Achmea Bank plays a key role in Achmea’s Green Finance Framework for issuing green bonds.</li></ul>	<p><a href="#">Our ESG Ambitions</a></p> <p><a href="#">Financed emissions transition plan</a></p> <p><a href="#">Achmea Green Finance Framework</a></p>

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## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes     In progress     No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response	Links and references
<p>Achmea Bank engages with stakeholders with different tools and methods. This ensures alignment with the society's goals. Our main stakeholder groups are employees, customers and investors. We connect with them by for example:</p> <ul style="list-style-type: none"><li>• Customer councils &amp; customer centric dialogue sessions.</li><li>• Measuring the quality of our services via NPS.</li><li>• Market research.</li><li>• Employee council.</li><li>• A non-discrimination policy (code of conduct).</li><li>• We actively participate in the Dutch banking Association initiatives like 'Bankers in the classroom' and market research.</li><li>• We actively seek out partnerships to reach our SDGs on various fronts, for example PCAF, EEM NL Hub and the Sector Collective 'Duurzaam Wonen'.</li><li>• Engagement dialogue with our partners and investors.</li></ul>	<p><a href="#">Customers</a></p> <p><a href="#">Accessibility for all stakeholder groups</a></p> <p><a href="#">Our partnerships</a></p> <p><a href="#">Transparency and balance in the interests of investors and other stakeholders</a></p>

## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes  In progress  No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response	Links and references
<ul style="list-style-type: none"><li>• For implementation on all our ESG objectives governance is embedded into policies, culture, products and activities. In 2023 we further integrated ESG in our governance by concretizing the reporting lines and formats, with the aim of clear management and sufficient strategic attention for ESG.</li><li>• The responsibility lies with the Managing Board of Achmea Bank. It is our opinion that the most effective way to manage climate-related problems is to incorporate them into existing processes. For this reason, each department incorporates sustainability into its relevant functions and reports frequently and consistently on its efforts on climate-related issues to the Managing Board of Achmea Bank. The managing board has regular oversight over the implementation of the ESG activities through the bank's governance.</li><li>• There is a sustainability working group, which also focusses on PRB, chaired by our ESG Officer.</li><li>• Social impact themes related to the PRB impact areas are part of the Achmea program 'Sustainable Living Together'. Every brand is responsible for their own social impact KPIs and runs its own governance. These KPIs are regularly discussed and monitored in the central program.</li><li>• Achmea has an overarching remuneration policy in place which also includes ESG.</li></ul>	<a href="#">A reliable bank for all stakeholders</a>

## 5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response	Links and references
<ul style="list-style-type: none"><li>• There are various initiatives to bring sustainability, risk and finance to the attention of our employees, for example, through information in our intranet and newsletters, through internal lunch sessions.</li><li>• All employees can learn about sustainability through our education platform.</li><li>• We organise permanent education sessions for Managing Board, Supervisory Board and senior management.</li><li>• Mandatory employee e-learning on privacy, customer due diligence and cyber criminality.</li><li>• We have internal networks for diversity, such as our LGBTQIA+-network 'HoIA!' and our network 'Kleurrijk Achmea'.</li><li>• From January 1st, 2023, all Achmea employees received a climate budget of €2,500. The budget can be used for, among others, solar panels, home insulation, a green roof or a heat pump.</li></ul>	<a href="#"><u>Our most important role is the role of employer</u></a>

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response	Links and references
<ul style="list-style-type: none"><li>• Achmea Bank has performed a (qualitative) analysis of climate and environmental risks to identify the most important consequences for the bank's strategic and operational risk in the short term (&lt; 5 years) and the (medium) long term (&gt; 5 years). For operational risk, the impact of physical risks (flood, drought, etc.) on service continuity in the mortgages, savings and investments chains, and potential reputation and liability risk due to the transition to a sustainable economy, are particularly relevant. For strategic risk, transition risk is particularly relevant.</li><li>• Concrete insights on short-term impacts are available for credit risk. Physical climate-related risks concern certain physical climatic events, which may expose our customers and their homes to risks and could impair the affordability of their mortgage loan. With new insights we have identified foundation support and heavy water precipitation to be the most relevant risk types at the present moment and for the short term.</li></ul>	<a href="#"><u>Risk management</u></a> <a href="#"><u>Preventative &amp; Special Asset Management</u></a> <a href="#"><u>Customer Due Diligence</u></a>



- 
- Climate risks relating to the transition to the carbon neutral economy arise from changes in policies, technology or market sentiment. Transition risks are more challenging to assess and manage, since these risks impact many facets, including the macro-economy. The transition is expected to impact house prices through elements such as policies, the marketability of homes with less favourable EPC labels or preferences for more efficient housing. This will positively impact customers with better (green) labelled buildings and may also negatively impact customers with worse labels.
  - Based on the first materiality assessment of 2023 we do not see a material impact of physical and transitional climate-related and environmental risk drivers on market and liquidity risk, both on the short and longer term.
  - Our Preventative & Special Asset Management team assists customers in (financially) difficult times. By actively supporting and guiding customers in their personal and financial situation, we strive for a future-proof solution and offer help to increase their self-reliance.
  - In our Customer Due Diligence 'CDD' policy, Achmea Bank sets out its principles, frameworks and guidelines for the management of relational integrity risks. In order to prevent the risks of violation of, among others, the Sanctions Act, money laundering and terrorist financing, Achmea Bank carries out relationship research in advance. In the case of our Wwft institutions, the investigation focuses on determining whether the relationship is a Politically Exposed Person (PEP).

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### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

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## Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes  Partially  No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
<ul style="list-style-type: none"><li>This report has no assurance currently.</li><li>As required by the Principles of Responsible Banking, we will provide no later than the third year of reporting (2024) the assurance through an independent assurer.</li></ul>	n.a.

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: PCAF Global GHG Accounting and Reporting Standard, Dutch Energy Efficient Mortgage Framework

Response	Links and references
<ul style="list-style-type: none"> <li>• We apply the TCFD framework to the annual reporting.</li> <li>• For our operational emissions we apply standards provided by the GHG-Protocol</li> <li>• For our financed emissions, we apply standards provided PCAF.</li> <li>• For our EU Taxonomy disclosure, we apply the EEM NL Hub's Dutch Energy Efficient Mortgage Framework.</li> <li>• Achmea Bank plays a key role in Achmea's Green Finance Framework for issuing green bonds. Our green bond reporting applies the Green Bond Principles 2018 (Green Finance Framework 2022).</li> <li>• We apply the UNEP FI PRB framework.</li> <li>• Achmea Bank does not fall under the scope of the NFRD. Achmea B.V. reports on NFRD standards in its own annual reporting.</li> <li>• Achmea B.V. also applies GRI and CDP frameworks in the annual report.</li> <li>• We disclose ESG ratings by independent agencies (Sustainalytics and ISS ESG).</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Achmea Bank N.V. Annual Report 2023</a></li> <li><a href="#">Operational emissions</a></li> <li><a href="#">Financed emissions</a></li> <li><a href="#">EU Taxonomy for Sustainable Activities</a></li> <li><a href="#">Achmea Green Finance Framework</a></li> <li><a href="#">Achmea B.V. Annual Report</a></li> </ul>

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
<ul style="list-style-type: none"> <li>• Further steps on integrating ESG in our main strategy, governance and culture.</li> <li>• On the topic of climate, we will embed the actions formulated in our transition plans throughout the organisation.</li> <li>• The methodologies for financed emissions, decarbonisation pathways and EU Taxonomy are constantly evolving. We aim to keep these methodologies up to date as we pro-actively participate in sector wide initiatives such as PCAF and the EEM NL Hub.</li> <li>• We currently started the preparations for the CSRD. In 2024, we will conduct a Double Materiality Assessment, formulate ambitions and determine the gaps in policy and data. These are the preparations for reporting under the CSRD for 2025.</li> <li>• Achmea Bank will choose a second significant impact area in 2024, based on the Double Materiality Assessment for the CSRD. This DMA is currently in progress. As we aim to align all our ESG activities, including the Principles for responsible banking we use the DMA as a new starting point. This even more assures an integral approach towards our ESG activities, policies and strategy.</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Financed emissions transition plan</a></li> <li><a href="#">Risk management transition plan</a></li> </ul>

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## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |   |  |
|---|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                                | <input checked="" type="checkbox"/> Customer engagement  |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                            | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning. | <input checked="" type="checkbox"/> Data availability    |
| <input checked="" type="checkbox"/> Conducting an impact analysis                               | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                    | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology      | <input type="checkbox"/> Reporting                       |
| <input checked="" type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other _____  | <input type="checkbox"/> Prioritizing actions internally |

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If desired, you can elaborate on challenges and how you are tackling these:

ESG is subject to a lot of changes due to tightening objectives and regulations, increasingly clearer insights and improving calculations of emissions, for example. As a bank, we will continue to actively contribute to market standards to stay up to date with our own activities. This will ensure that we will regularly update our processes and gain new insights and/or refine objectives in the coming years. This has an effect on both the measurement methodology as the target setting. Targets should be ambitious, but focussed on our business, portfolio and span of control.

In achieving our objectives, it is important to gain better insight into how we can help and motivate consumers to become more sustainable. This requires pilots and we can only take these steps in collaboration with others. To enable us to achieve our targets, it is important that we increase data availability and improve data quality. Here too, collaboration within the industry, but also with the government, for example, is essential.

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# Appendices

## Glossary

### CO<sub>2</sub>

Carbon dioxide, or CO<sub>2</sub>, is a gas that is naturally present in the atmosphere. However, human activity has resulted in the amount of CO<sub>2</sub> in the atmosphere increasing extremely sharply in the last 150 years. This is mainly from burning fossil fuels, such as coal, oil and gas. CO<sub>2</sub> is the principal greenhouse gas. The steep rise in the amount of greenhouse gases is causing the earth's climate to change.

### Carbon footprint

This is the amount of greenhouse gases relating to all the activities of a person or entity (e.g., a building, business, country). It includes direct and indirect emissions expressed in scope 1, 2 and 3 emissions. The carbon footprint often also comprises the emissions of other greenhouse gases, such as methane, nitrous oxide or chlorofluorocarbons (CFCs). To be able to add up the impact of the individual greenhouse gases, emissions data are converted into CO<sub>2</sub> equivalents.

- Scope 1: direct emissions from the organisation's own sources. These are emissions from the organisation's own buildings, transport and production-related activities;
- Scope 2: indirect emissions from the generation of purchased and consumed electricity or heat;

- Scope 3: indirect emissions from another organisation's business operations. These are emissions from sources that are not owned by the organisation itself and over which we are unable to exert direct influence.

### CO<sub>2</sub> equivalents

There are other greenhouse gases besides CO<sub>2</sub>. To be able to add up the impact of the individual greenhouse gases, these gases are normally converted into carbon dioxide equivalents (CO<sub>2</sub>e). The greenhouse gases included under international treaties are methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen fluoride (NF<sub>3</sub>).

### EPC label

A home's Energy Performance Certificate tells us how energy-efficient it is and what you can do to make it even more so. Possession of an EPC label is mandatory on selling, leasing or completing construction of a residential property. EPC labels are registered at EP online (Netherlands Enterprise Agency). This is the official nationwide database on which energy advisors can register energy performance indicators and EPC labels. Homeowners need to register their labels themselves.

### **Financed emissions**

Financed emissions are the greenhouse emissions that banks and investors finance via their loans and investments. An attribution factor is used to define the portion of the emissions that can be attributed to the bank or investor. The methods for this are described in the Partnership for Carbon Accounting Financials (PCAF) standard.

### **Climate-neutral (net-zero or CO<sub>2</sub>-neutral)**

By climate-neutral we mean that specific activities do not exacerbate the greenhouse gas effect, in other words that the activities do not contribute to the amount of CO<sub>2</sub> and other greenhouse gases in the atmosphere. This can be achieved by sharply reducing greenhouse gas emissions and by extracting these gases from the atmosphere, e.g., by planting trees. Climate-neutral, net-zero or CO<sub>2</sub>-neutral are terms that are often used as synonyms and indicate that an activity, product or process does not contribute to climate change.

### **Dutch National Climate Agreement**

The Dutch National Climate Agreement is a package of measures and agreements between companies, social organisations and authorities to work together to more or less halve greenhouse gas emissions in the Netherlands as of 2030 (versus 1990).

### **Climate Act**

The Climate Act states that the Netherlands must reduce greenhouse gas emissions by 49% in 2030 and by 95% in 2050 versus 1990. This has been laid down in law. The Climate Act does not stipulate how these targets need to be met. The specific measures were agreed in the Dutch National Climate Agreement with those social partners that participated in consultations. Here, greenhouse gases other than CO<sub>2</sub> are converted into CO<sub>2</sub> equivalents.

### **Net-zero ready**

Net-zero ready means that homes are so well insulated that the primary heat source can switch to an alternative to gas and therefore be electrified.

### **Partnership for Carbon Accounting Financials (PCAF)**

The Partnership for Carbon Accounting Financials has developed a standard for measuring and reporting on the carbon emissions from loans and investments. The PCAF standard is the most commonly used standard internationally for measuring and reporting on financed carbon emissions from loans and investments.

### **Science Based Targets initiative (SBTi)**

The Science Based Target initiative was founded in 2015 to help businesses set science-based carbon emission reduction targets in line with the Paris Agreement. It is the most commonly used standard internationally for setting carbon emission reduction targets. The Science Based Targets

initiative (SBTi) is a partnership between the Carbon Disclosure Project (CDP), United Nations Global Compact, World Resources Institute (WRI) and Worldwide Fund for Nature (WWF).

SBTi is developing standards for defining science-based carbon reduction targets and reduction pathways. The SBTi also validates CO<sub>2</sub> targets and plans for businesses.

#### **Energy Efficient Mortgage Hub Netherlands (EEM NL Hub)**

The Energy Efficient Mortgages NL Hub is an initiative from stakeholders active in the Dutch mortgage market. It brings them together to promote the acceleration and adaptation of energy efficient housing in the Dutch market. The EEM NL Hub has developed a Dutch framework for energy efficient mortgages that facilitates the translation and application of European regulation into the Dutch mortgage market.

#### **Carbon Risk Real Estate Monitor (CRREM)**

The Carbon Risk Real Estate Monitor uses GHG emissions and energy consumption to determine an asset's intensity-based transition pathway. It offers a framework focused on carbon risk exposure and potential strategies and enables market participants to leverage resources for the structured decarbonization of their real estate portfolios.

#### **United Nations Environment Programme Finance Initiative (UNEP FI)**

The United Nations Environment Programme Finance Initiative is a partnership that brings together banks, insurers and investors worldwide to collectively catalyze action across the financial system to deliver more sustainable global economies. The UNEP FI has established various frameworks that help the finance industry address global environmental, social and governance challenges.

#### **Principles for Responsible Banking (PRB)**

The Principles for Responsible Banking are a banking framework from the UNEP FI. Through the Principles, banks can take action to align their core strategy and decision-making process with the UN Sustainable Development Goals and international agreements such as the Paris Climate Agreement.

#### **Dutch Geen Building Council (DGBC)**

The Dutch Green Building Council is an organization that accelerates the sustainable transition of the building and real estate sector. Impact is being made in their programs within four areas: CO<sub>2</sub> reduction (Paris Proof), circularity, health and climate adaptation.



## Colophon

### Achmea Bank ESG Impact Report 2023

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Achmea Bank welcomes feedback on all its publications. Please send any comments or suggestions to: [communicatie.bank@achmea.nl](mailto:communicatie.bank@achmea.nl).

This report has been published on: [www.achmeabank.nl](http://www.achmeabank.nl).

## Disclaimer

This report contains climate-related declarations, such as emission reduction targets and statements on Achmea Bank's current intentions in relation to its climate targets. These are based on the available data, standards, methods, information, knowledge and opinions on the date of the publication of this report.

Internal and external developments can affect Achmea Bank's ability to achieve its climate ambitions. New climate insights, laws and regulations and technological developments are continuously developing. The data, standards and methods on which Achmea Bank bases its climate ambitions, including methods for measuring CO<sub>2</sub> and setting reduction targets, are constantly under development. In addition, the availability and quality of data is often still a challenge. However, the quantity and quality of available data are expected to improve in the coming years. This may create new insights that could lead to Achmea Bank having to adjust its climate ambitions and to us having to adapt our climate objectives, plans and statements. We will therefore update this plan annually. We note that if we publish other reports or documents relating to climate or other topics covered in this report, we will not update this report at the same time.



Although Achmea Bank is of the opinion that the objectives and plans enjoy a sound basis and have been stated in good faith and to the best of our ability, they depend on a variety of known and unknown risks and assumptions. The objectives, plans and statements may, for instance, be affected by the following (non-exhaustive list):

- Changes to government policy, laws and regulations and their interpretation and application;
- The availability and quality of accurate and reliable data, such as data on greenhouse gas emissions, energy labels or climate-related customer data;
- Changes arising from market practices and standards, including ESG standards;
- Operational, regulatory, reputational, transition and other ESG-related risks;
- Uncertainties and changes to and in the use of (emission) calculation methods and models for measuring greenhouse gas emissions or setting reduction targets from, for example, PCAF, SBTi or CRREM;
- Uncertainties and changes to and in the interpretation of the EU Taxonomy and the Climate Delegated Act, such as definition of the top 15% most energy efficient building stock or climate risk modelling by for example, the EEM NL Hub, DGBC or CAS; and
- New or altered scientific insights into climate change.

Sustainability claims regarding our business operations, investments and financing, and our products or services are checked, to our reasonable efforts, against (conduct) guidelines regarding information provision standards. Where Achmea Bank (possibly) joins partnerships, the rules for competition law are taken into account.

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