

# ESG Impact Report 2022

Achmea Bank



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# Foreword

The war in Ukraine caused, among other things, an energy crisis with repercussions throughout many aspects of our lives. The rising energy and food prices caused inflation to rise to an all-time high, as well as rising interest rates. These uncertainties have had, and still have, an impact on our customers, employees and business operations. Aside from climate change, the energy crisis has shown us another reason for urgency to find innovative solutions for our energy consumption needs.

As part of Achmea's Retirement Services chain, Achmea Bank plays a key role in our shared 'Sustainable Living. Together' vision. We work in close cooperation with Centraal Beheer, Syntus Achmea and Achmea Investment Management to achieve our shared ambition: making the whole of the Netherlands financially fit and self-reliant.

To realise our ESG ambitions, frameworks form important resources to identify and measure the impact of our initiatives on various stakeholders. In 2022 Achmea Bank has signed the 'Principles for Responsible Banking' and joined UNEP FI, the United Nations Environment Programme for the financial sector. This report includes a progress update for our first reporting year under the principles.

In 2022 we published our first Climate Transition Plan. This plan focuses on our climate actions for business operations and our mortgage portfolio. In this ESG Impact Report, we delve deeper into these topics and review our impact on ESG aspects in the past year, as well as our targets for the future.

We view cooperation to be essential in accomplishing our mission. To increase our impact, we collaborate with our partners within Achmea, but also within the industry through partnerships, working groups, peer consultations and other initiatives. We welcome any party to join us and our partners in our efforts to provide a positive impact on climate change and other social issues.

**Chairman of the Managing Board of Achmea Bank**  
Pierre Hurman





# Our ESG Ambitions

## Our vision

Banks have an important societal role, which for Achmea Bank means managing mortgages, savings and investment accounts. It is therefore important to have and hold a trustworthy position with our customers and Dutch society in general. As a partner in value creation, we accept our responsibility to be transparent about our ambitions and impact when it comes to environmental, social and governance topics. 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.

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 to these themes, 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 with these activities and goals 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 money matters so that people can make more responsible financial decisions.



We want to make a positive contribution to the sustainability of homes. We aim for our mortgage portfolio to have an average energy label of A by 2030. We also 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 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](#). In 2021 Achmea formulated its transition strategy for achieving climate neutrality. 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. Please view our [Climate Transition Plan](#) for more information.

Additionally, in 2022 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). The importance for companies to disclose detailed non-financial information is increasing and influences public opinion more than ever. Green investments and sustainability are major drivers for economic recovery in the post-pandemic period. To accomplish these goals, frameworks form important resources to identify and measure the impact of these initiatives on various stakeholders. Please view the [UNEP FI Principles for Responsible Banking](#) chapter in this report for more information.

## Our partnerships

We are proud to work on our SDGs with our partners within Achmea, such as Syntrus Achmea Real Estate and Finance, who manage our mortgage administration, and Centraal Beheer, our 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 a network bank, we consider portfolio acquisitions and product development 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.

As of 2023 we also offer retail investment services through Centraal Beheer, managed by our partner Achmea Investment Management. For now, these products are not yet in scope of this ESG Impact Report. However, Achmea Investment Management reports about the sustainability of the various investment funds on its [website](#). We aim to include retail investment activities in our future ESG Impact Reports.

We will continue to work with third parties and expand on initiatives in our network to make a greater impact. We have joined the Partnership for Carbon Accounting Financials (PCAF), where Achmea Bank will be at the forefront of developments involving the measurement of carbon footprint of our mortgage portfolio, together with other Dutch financial institutions. Additionally, we have also joined the Energy Efficient Mortgage Hub Netherlands (EEM-Hub NL), which aims to define a market standard for sustainable mortgages to prevent green washing and to put more mortgage investments towards sustainable activities.

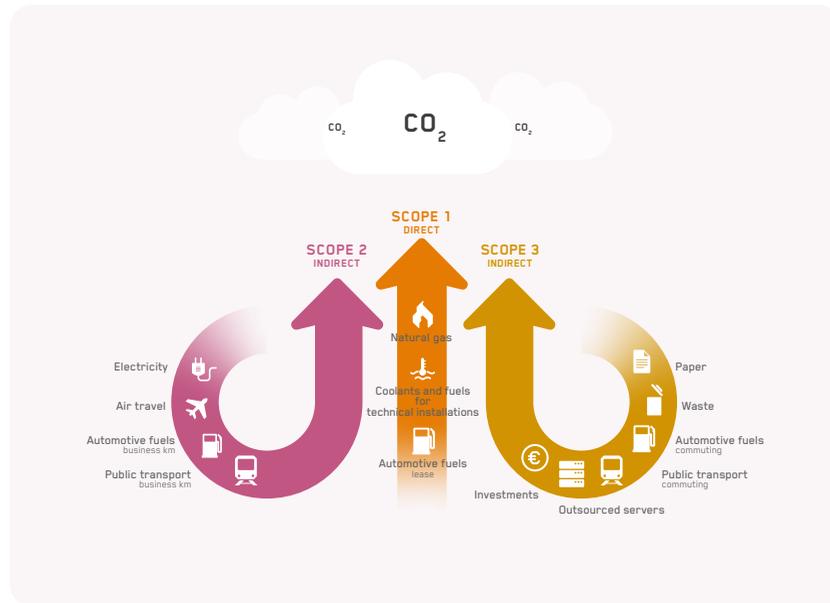




# Environment

## Operational emissions

Emissions from 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.



## GHG Protocol

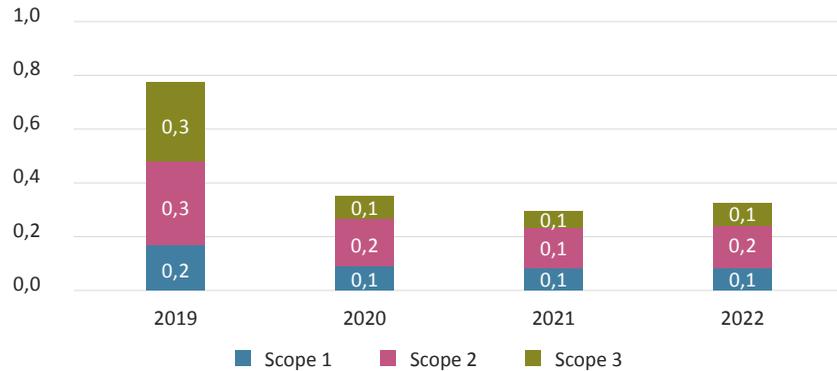
In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. Scope 1 emissions are direct emissions from own sources or sources that are controlled by Achmea. Scope 2 emissions are indirect emissions from the generation of purchased energy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

## Carbon 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). The carbon footprint from the use of cloud services is also included in the calculations from 2021. Please view [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 209 FTEs at Achmea Bank. In 2022 this amounted to an operational carbon footprint of 0.3 kt CO<sub>2</sub>e (2021: 0.3 kt) or 1,538 kg CO<sub>2</sub>e per FTE.

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



## Target setting

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:

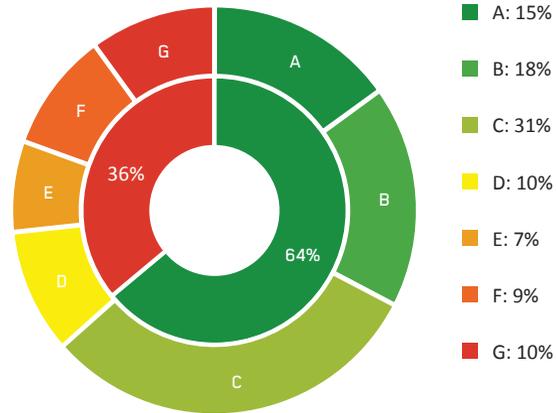
- Cutting energy consumption in our buildings and data centres
- Reducing the number of journeys our employees make and making their travel more sustainable.
- Cutting paper consumption
- Separating our waste wherever possible
- Conducting sustainable procurement (energy-efficient and circular)

For more information on our plans to reduce operational emissions, please view our [Climate Transition Plan](#).

## Financed emissions

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. At this time, our Acier portfolio, which represents approximately 5% of our total portfolio, has been excluded from our financed emissions due to its unique characteristics. The composition of energy labels in our portfolio is as illustrated on the next page.

### Energy labels in our portfolio (%)

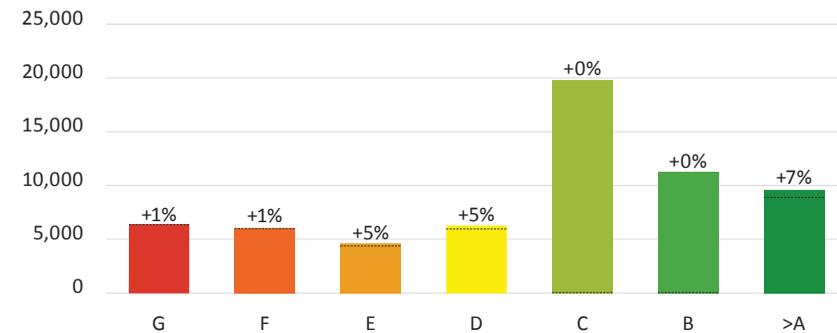


### Energy labels

On average 19% of all carbon emissions in the Netherlands are caused by residential buildings (source: Milieu Centraal). To achieve the ambitions of the Paris Agreement, a large part of the Dutch housing stock must be made more sustainable. As a provider of mortgages, we have a social 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 2022 the average energy label of our mortgage portfolio was C (2021: C). The year-over-year change of energy labels in our portfolio is as illustrated below.

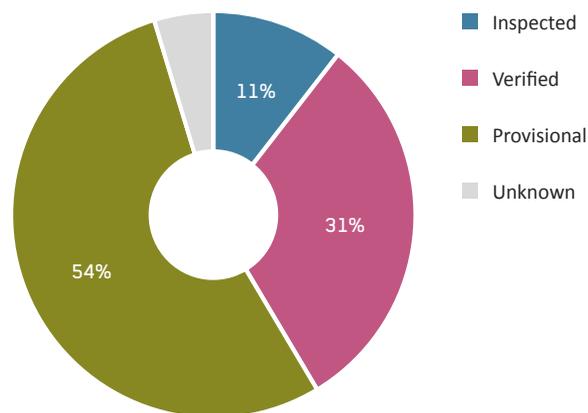
### Energy labels (yoy change %)



All buildings in the Netherlands have been assigned a provisional energy label in 2015 by The Netherlands Enterprise Agency (RVO). These provisional labels are based on general property information, such as the type of building, floor area and the year of construction. Prior to 2021 homeowners were able to request a definitive energy 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 energy label requires an independent energy advisor to physically inspect the building, which is a more reliable measure of the energy performance of a building. In 2022, approximately 42% of energy labels in our portfolio have at least been verified or inspected (2021: 38%). The composition of energy label statuses in our portfolio is as illustrated below.

#### Energy label status (%)



#### Data quality

The carbon emissions from our mortgage portfolio are calculated using the 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 targets 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. In 2022 92% of our financed emissions are measured with data quality score 3 and 8% with score 5. Due to challenges of data availability, score 3 is currently the highest achievable quality score in the Netherlands. Together with fellow PCAF members, Achmea Bank will continue to explore possibilities to measure emissions at score 1 or 2 in the future.

## 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	3	<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.

## Energy usage

In the Netherlands, energy grid operators publish average energy usage data per postal code. By matching this data with postal codes of buildings that serve as collateral in our mortgage portfolio, we can estimate the average gas and electricity consumption per building based on location. Using this method, we can match 97% of all available postal codes within our portfolio.

Using the average energy consumption per postal code allows us to calculate the energy usage of buildings in the case energy labels are not available. Categorising the average energy usage by energy labels also allows us to apply the averages to buildings without matching postal codes based on their energy labels. This methodology does not take in account the number of inhabitants or non-building bound energy usage (such as electric vehicles) since this data is not available currently.

## Carbon emissions

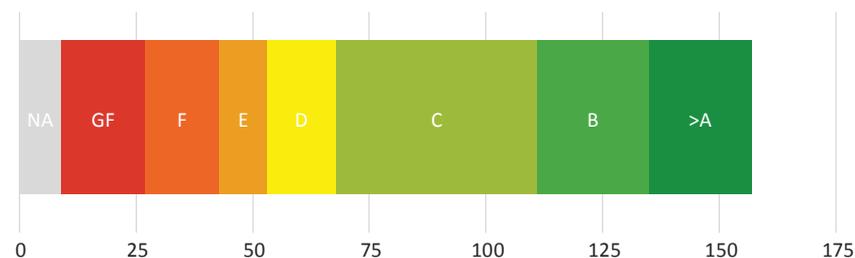
The gas and electricity consumed at building level can be converted into CO<sub>2</sub> emissions using grid emission factors. The Dutch website [CO<sub>2</sub>emissiefactoren](#) provides a list of widely accepted and uniform grid emission factors. PCAF has opted to use the grid emission factor relating to direct emissions as shown in the column Tank to Wheel (TTW). If the origin of the consumed electricity is unknown, the emission factor for electricity from undefined energy sources should be used. This factor for electricity is updated regularly to reflect changes in the Dutch electricity mix. In 2022 the emission factor for electricity has decreased significantly (-21% versus 2021) due to the greening of the Dutch grid. The emission factor for natural gas has not changed compared to last year.

### CO<sub>2</sub> emission factors

	2022	2021	Change
Electricity (undefined energy source) in kg/kWh	0.292	0.369	-21%
Natural gas in kg/m <sup>3</sup>	1.788	1.788	0%

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 value at origination is not available, the current (non-indexed) market value is used as denominator. In 2022 the average attribution factor in our portfolio was 60% (2021: 60%). The absolute portfolio emissions are calculated by multiplying the calculated CO<sub>2</sub> emissions with the attribution factor.

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



This information can be converted into economic and physical relative emissions (or carbon intensity). Economic carbon intensity displays the financed emissions in relation to the amount of outstanding loans in billion EUR. Physical carbon intensity displays the financed emissions in relation to the floor area of collateral buildings in square meters (m<sup>2</sup>). The carbon

intensity figures are preferred as KPIs because these ratios reflect our carbon impact while taking changes in our portfolio into account. The economic carbon intensity in 2022 was 13.4 kt./bn. EUR in outstanding loans (2021: 15.8 kt./bn EUR). The physical carbon intensity in 2022 was 17.6 kg/m<sup>2</sup> of floor area (2021: 19.2 kg/m<sup>2</sup>). The decreases in financed emission figures stems from lower energy usage in our portfolio and a decreased emission factor compared to last year.

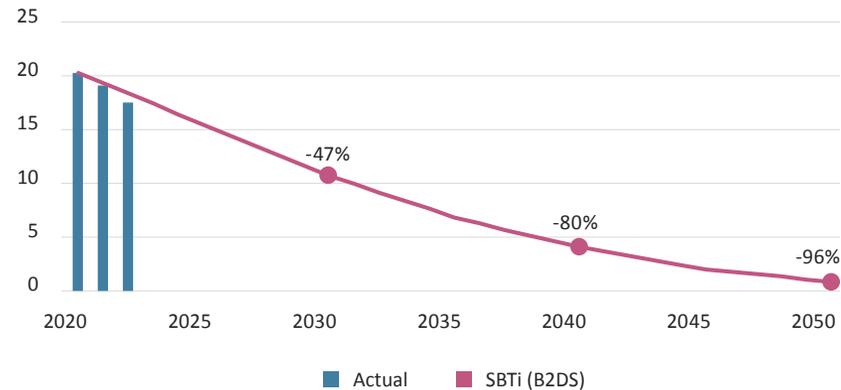
	Total out-standing loans (bn. EUR)	Financed emissions (kt CO <sub>2</sub> e)	Economic carbonn intensity (kt CO <sub>2</sub> e/bn. EUR)	Physical carbon intensity (kg CO <sub>2</sub> e/m <sup>2</sup> )
2021	10.3	164	15.8	19.2
2022	11.7	158	13.4	17.6

### Target setting

We have set targets both for energy labels and for reducing carbon emissions of our mortgage portfolio. Our ambition is for our mortgage portfolio to be climate-neutral, with net-zero carbon emissions, no later than 2050. We aim to accomplish this by increasing the proportion of green energy labels in our mortgage portfolio, in part by helping customers to make their homes more sustainable. Our goal is to bring the portfolio to an average A energy label by 2030.

We have compared our mortgage portfolio to a science-based transition pathway that is line with the Paris Agreement. Using the method provided by the Science Based Targets initiative (SBTi), we have calculated how much we need to reduce carbon emissions to have an almost climate-neutral mortgage portfolio in 2050 (net-zero). The SBTi method uses our actual carbon emissions from our portfolio as a starting point for the reduction pathway to limit global warming to well below 2°C. The graph below depicts our mortgage portfolio with 2020 as the base year with a ‘Below 2 Degree Scenario’ (B2DS). This means we need to reduce the carbon emissions from our mortgage portfolio with an estimated -47% by 2030 to align with this

Financed carbon emissions (kg CO<sub>2</sub>e/m<sup>2</sup>)



pathway. Please note the methodologies for both the financed emissions as well as the pathways are constantly evolving. We expect updated methodologies to become available in 2023, which we aim to implement into our future transition plans.

As Achmea Bank does not own the homes on which the mortgages are held, a CO<sub>2</sub> target can only be achieved if the homeowners make their homes more sustainable. It is possible that future regulations will make it mandatory for homeowners to implement certain sustainability measures. The extent to which the target 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.

We are focused on helping our (new and existing) customers to reduce heat and energy consumption, for instance via insulation and solar panels, and to make their homes more sustainable step by step. We want to offer homeowners financial products that support them in this, as well as services such as Centraal Beheer's '[Duurzaam Woongemak](#)' with services for making homes more sustainable (insulation, solar panels and green roofs). This makes homes net-zero ready, or at the very least improves their energy labels. From 2026 onwards, these homes will naturally switch to using a (hybrid) heat pump once the government regulated gas-fired boiler ban

comes into force. Given that the lifespan of a central heating boiler averages 12-15 years, carbon emission reductions will occur gradually.

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:

1. Informing and engaging customers
2. Offering products/funding solutions
3. Providing sustainability services
4. Supporting and engaging mortgage advisors
5. Green funding

For more information on our action plan and how we plan to implement the five pillars, please view our [Climate Transition Plan](#).

## Risk management

Achmea Bank's mortgage portfolio almost exclusively consists out of residential mortgage loans with collateral objects in the Netherlands.

We recognise climate risks are applicable to our portfolio and we consider climate risks as driver of existing risk types, such as credit risk. In 2022 we surmised a plan to assess climate risks. In our assessment we analysed both physical and transition risks.

## Physical risk

Physical climate-related risks of our mortgage portfolio are specific to collateral buildings. Therefore, the location and other building characteristics are relevant to the exposure to physical risk types, such as:

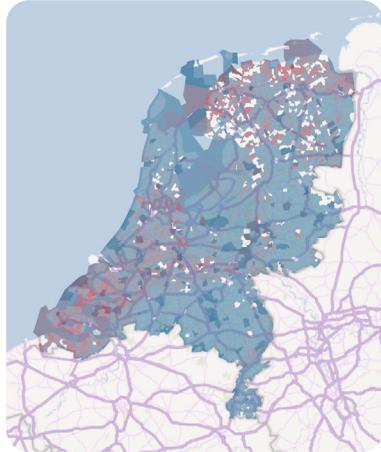
- Foundation support (pole rot or land subsidence)
- Water nuisance (rain or ground water levels)
- Flooding (likelihood and depth levels)
- Wildfires

Dutch research agency Climate Adaptation Services (CAS), has provided data to map physical climate risks to individual collateral buildings in our portfolio. Using a risk score between 0 (no risk) and 5 (highest risk), the aforementioned risks are identified for most of our Centraal Beheer and Woonfonds customers. Our Acier and acquired mortgage portfolios were out of scope for this analysis for now. With these new insights we have

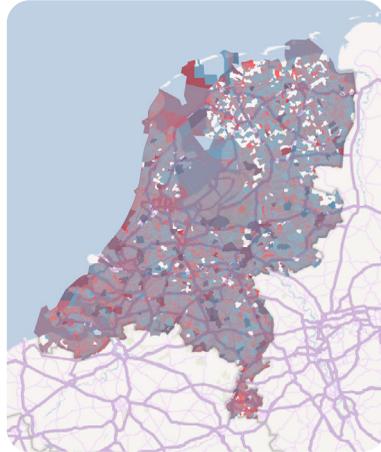
identified pole rot and rainwater nuisance to be the most relevant risk types at the present moment and for the short term. At this time, flooding caused by rising water levels are expected to materialise in the long term. Using these insights, we have identified approximately 0.7% of our customers are exposed to pole rot at risk score 4 or 5 and 14.3% to rainwater nuisance. The figures on the next page show the risk of exposure to these risk types within our mortgage portfolio based on geographical location. We have also concluded the overlap between physical risk types is limited within our portfolio.

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).

### Risk of pole rot



### Risk of rainwater nuisance



Risk level ■ 0 ■ 1 ■ 2 ■ 3 ■ 4 ■ 5 ■ Unknown

### 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 energy 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 energy 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 has in the past.

By applying scenario analyses and stress testing, we have assessed the impact of diverse house price developments on our mortgage portfolio. This was done for all mortgages from our Centraal Beheer and Woonfonds customers, using scenarios published in the ECB 2022 Climate Risk Stress Test. Both a short term and a baseline transition risk scenario were evaluated, with energy 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 energy labels is compensated by the positive effect on green labels. This analysis has shown us the importance of the energy label distribution on transition risks on our mortgage activities.

## Target setting

For the time being, we expect climate risks to prove limited material impact for the short term. In 2023 we aim to implement further monitoring to present and future developments. In addition to this, we aim to expand and periodically perform our analysis. We aim to implement climate risks into our (credit)risk framework by the end of 2023. Following this, we will update existing processes such as the risk appetite and policies. The execution of our plan will align with expectations as published in the ECB 'Guide on climate-related and environmental risks'. We will continue to analyse and monitor these developments, as we look for new ways to incentivise and help our customers with the sustainability of their homes.

## EU Taxonomy for Sustainable Activities

As of 2022 the EU Taxonomy is applicable to Achmea Bank, which provides a common classification system for environmentally sustainable activities. To reach the objectives of the European Green Deal, the system 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 by 2023. The GAR consists of the alignment (numerator) and GAR covered assets (denominator) of balance sheet exposures.

## Eligibility

The table on the next page shows eligibility of our balance sheet exposures in 2022. This indicates potential sustainable assets and gives insight how the EU Taxonomy impacts the balance sheet, especially in relation to climate change mitigation. This insight helps us to prepare to report on alignment which is obliged as of reporting year 2023. 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 the 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 22 million).

As of year-end 2022, EUR 12,270 million assets are classified as EU Taxonomy-eligible economic activities, which corresponds to 88% of the total assets (2021: 86%). These assets have sustainability potential where Achmea Bank can provide mitigation efforts. As our business model is primarily based on mortgage products to households, the energy performance certificate (EPC) labels play a key role in determining and improving the alignment of residential real estate exposures.

As of year-end 2022 EUR 863 million assets are classified as ineligible economic activities, which corresponds to 6% of the total assets (2021: 8%). Other assets consist mainly of the fair value changes of the hedged items related to macro hedge accounting (EUR -417 million). Due to the lack of information on the eligibility of the exposures to financial corporations, these exposures are included in the line-item exposures to Taxonomy-ineligible economic activities based on public disclosures of their main economic activities (EUR 197 million).

### Summary of EU Taxonomy eligibility of activities

<i>In millions EUR</i>	<b>Total gross carrying amount</b>	<b>Total assets (%)</b>	<b>GAR assets (%)</b>
<b>Exposures to EU Taxonomy-eligible economic activities</b>	<b>12,270</b>	<b>88%</b>	<b>93%</b>
Households	12,270	88%	93%
<b>Exposures to EU Taxonomy-ineligible economic activities</b>	<b>863</b>	<b>6%</b>	<b>7%</b>
Non-financial corporations not subject to NFRD disclosure obligations	23	0%	0%
Derivatives and CSA	789	6%	6%
On demand interbank loans	163	1%	1%
Financial corporations - eligibility not disclosed	197	1%	1%
Other assets	-308	-2%	-2%
<b>Total GAR assets</b>	<b>13,133</b>	<b>94%</b>	<b>100%</b>
<b>Other assets not covered for GAR calculation</b>	<b>822</b>	<b>6%</b>	
Sovereigns	1	0%	
Central banks exposure	821	6%	
<b>Total assets</b>	<b>13,955</b>	<b>100%</b>	

## Alignment

To prepare for EU Taxonomy alignment, which is required for reporting year 2023, we need the fill in some remaining data gaps and make sure that the data definitions are in line with the EU Taxonomy. Residential mortgages with collateral buildings classify as EU Taxonomy aligned when either:

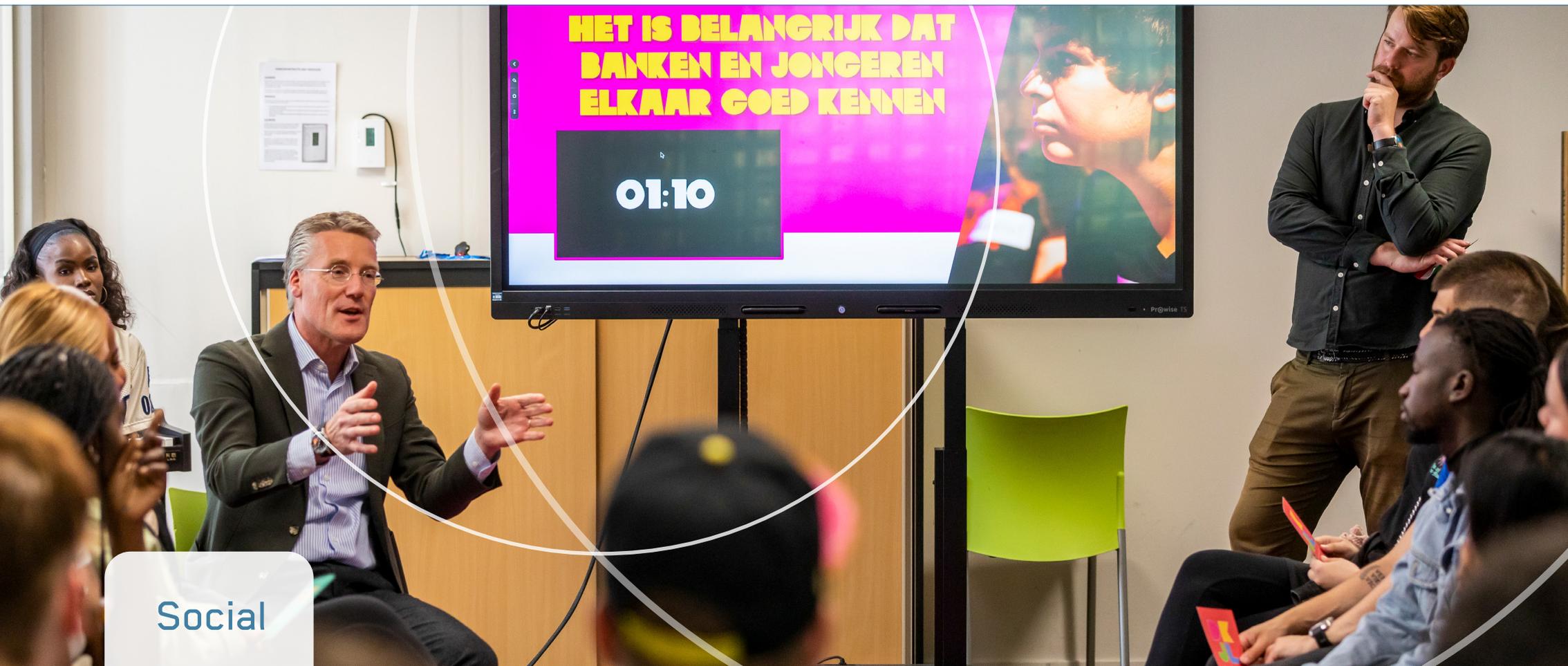
- Built before January 1st, 2021, with at least label A (alternatively within the top 15% of the national building stock in terms of energy efficiency of buildings) or realised an improvement of at least 30% in primary energy demand after renovation.
- Built after January 1st, 2021, with at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU.

In addition, we must collect actual, currently undisclosed information on the financial corporate exposures to determine the eligibility of their economic activities.

## Achmea Green Finance Framework

Attracting green financing is in line with our sustainability ambitions. With this we are offering our investors sustainable investment opportunities in high-quality Dutch mortgages and real estate. To this end, Achmea has set up a Green Finance Framework (GFF) based on the Green Bond Principles (ICMA, 2021) and the Green Loan Principles (LMA/APLMA, 2021). The GFF

has been independently assessed by ISS ESG. A Second Party Opinion is available. The methodology is also assessed by CFP Green Buildings (see the Methodology Report). Achmea intends to allocate the proceeds from the issue of financial instruments in this framework to (in)directly finance new and existing energy-efficient housing in the Netherlands (Residential Real Estate) and to energy-efficient commercial buildings within and outside the Netherlands (Commercial Real Estate). Please view [Achmea's Green Finance Framework](#) for more information.



## Accessibility for all stakeholder groups

We believe that participation is the basis for a sustainable society, and therefore we strive to contribute to adequate living conditions for all. As part of this effort, we take responsibility for labour and human rights conditions in our processes and production chains. Additionally, together with our partners and peers, we work towards improving the financial wellbeing and independence of the Dutch population. Our most important social targets and results in 2022 for each stakeholder are outlined in this chapter.

## Customers

Together with our partners within and outside of Achmea, 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 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 their 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 - Achmea Bank 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, a customer dialogue session about construction deposits was organised.

- 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, including Centraal Beheer, Syntrus Achmea Real Estate & Finance and Woonfonds 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 (NPSes) for various processes. An important target for us is customer loyalty and the NPS of our savings and our mortgage processes, since these processes are conducted in-house at Achmea Bank and the Achmea Group. The loyalty and NPSes are measured by our distribution partner Centraal Beheer. Our aim is to have a NPS of 50 in 2030 and customer loyalty of 8.0, while our target for 2022 was a NPS of 13.8. In 2022 the measured NPS for mortgages and savings was 13.0 and customer loyalty 8.0 (Q3 2022).

## Our most important role is the role of employer

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

Achmea Bank also provides transparency in the gender distribution of its employees. In 2022 65% were male and 35% were female. As part of our HR policy, our employees have 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 50 guest lessons in primary schools each year for the ‘Bankers in the classroom’ initiative of the Dutch Banking Association. In 2022, we took part in 31 classes. Due to COVID-19, there were less opportunities to host these classes due to primary school lockdowns.

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 at the location that best suits our activities. In addition, we offer employees a free health check and support in the form of a company doctor, physio-therapist, 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, with cooperative roots, we have a long-standing 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 2021, we were awarded a new risk rating by Sustainalytics, and improved our rating from to 22.5 (medium risk) (2020: 24.5). This places us in the top 10th percentile of regional banks.



# 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 the Achmea Group but also has its own initiatives and responsibilities for our own specific area of focus. We collaborate within Achmea on themes wherever this offers added value, such as internal business operations, sustainability legislation, communication and creating internal awareness. This is done via the ‘Sustainable Living. Together’ programme, under the responsibility of the Executive Board of Achmea.

In addition to Achmea’s ‘Sustainable Living. Together’ programme, Achmea Bank has its own governance structure for embedding and anchoring ESG into its policies, culture, products and activities. Achmea Bank genuinely believes that we have a social responsibility to contribute to combating climate change. Responsibility for climate-related risks and opportunities lies with the Managing Board of Achmea Bank. It is our opinion that the most effective way to manage climate-related issues 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. ESG is one of the criteria against which important decision-making documents for the Managing Board, Supervisory Board and committees are assessed. This guarantees that ESG is a recurring item for discussion in decision-making. At the same time, the Managing Board and Supervisory Board are actively updated on the latest ESG developments in continuing education sessions.

We have also started to integrate the Climate-related risks in our risk management processes, which will be continued in 2023. We believe climate and sustainability risk is most effectively incorporated in existing activities, processes and committees. Our committees consist of both senior management and employees from varying departments. Each committee integrates sustainability in their relevant functions and reports on their efforts in climate-related issues to the Executive Board on a frequent and consistent basis.

Our governance 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 management policies and sufficiently control our processes. Most importantly, we aim to take a customer-centred approach. We do this, for example, through customer dialogue sessions and co-development together with customers. Together with our partner Centraal Beheer, we have organised sessions on subjects

such as the use of the construction deposit, execution only, the mortgage check and further development of the 'my Centraal Beheer environment' for mortgage customers.

In addition, we measure the CES scores: customer satisfactory of our online services, such as ease of use. Our goal is to score at least a 4 on a scale of 5. We achieved this target in 2022. Twice a year we collect all customer feedback from various channels and compile them into a top 10 of points for improvement, which also includes points for improvement for both savings and mortgages. We actively keep developing our offer and improve it based on the feedback and top 10 points for improvement.

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

Investing in talent development is therefore 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 them to do their best work, and to be regarded as an employer where all can thrive. Therefore, we measure the involvement of our employees in our yearly employee engagement poll. We strive for a minimum score of 8 out of 10 on the 'involvement' and 'enthusiasm' metrics. In 2022, the scores of these metrics were exceedingly high with an 8.7 for involvement and 7.8 for enthusiasm.

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

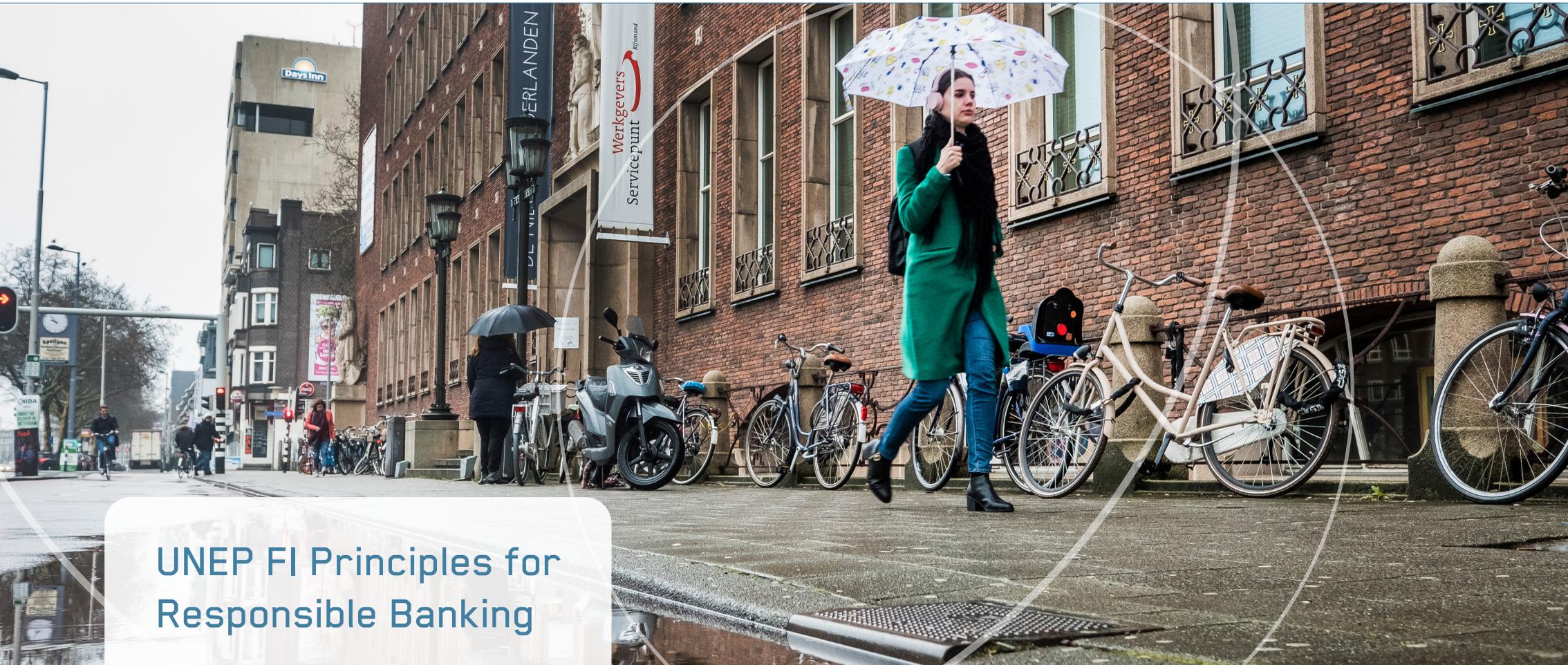
Achmea Bank' strategy entails outsourcing non-core activities to partners. So it is key that our partners share our vision and our aims to apply good governance and customer centricity. Achmea Bank continuously monitors the quality of the services provided by our partners. In regular engagement meetings, as agreed upon in each contract, we analyse the services concerned and optimise them where necessary. Since 2021 all necessary procedures and policies were in place for full compliance with all guidelines by the European Banking Authority on procurement and contract monitoring activities.

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

Achmea Bank has a wide range of capital and liquidity sources. These include retail 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 most important aim is to strive for maximum transparency by reporting on our ESG metrics and approach as set out above.

## Customer Due Diligence

Key non-financial risk themes are managing Know Your Client (Customer Due Diligence, CDD), fraud risk, privacy, information security including cybercrime and the duty of care for existing and new products and services for our customers. Our CDD policy has been further refined with respect to laws and regulations, supervision and jurisprudence. Achmea has also adjusted its Product Approval and Review Process (PARP) policy to make it more dynamic. This enables us to respond more quickly to internal and external developments and by doing so keep our products and services up-to-date for our customers. Technological developments in privacy and information security, including cybercrime prevention, are proceeding at a rapid pace. Achmea has refined its integral security approach accordingly. In the area of duty of care, Achmea has guidelines that have been communicated and implemented within Achmea Bank.



# UNEP FI Principles for Responsible Banking

## UNEP FI Principles for Responsible Banking

In March 2022 Achmea Bank signed the Principles of Responsible Banking. 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 mainstream and embed sustainability into the heart of their business, while allowing them 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 first reporting year under the principles.

## 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.

Requirements	Response	Reference
<p><b>1.1 Business model</b> 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.</p>	<ul style="list-style-type: none"> <li>Achmea Bank manages a mortgage portfolio of approx. €12 bn. and savings of approx. €8 bn.</li> <li>As of 2023 we also offer retail investment services through Centraal Beheer, managed by our partner Achmea Investment Management. For now, these products are not yet in scope of this impact analysis. We aim to include these activities in future reports.</li> <li>We almost exclusively serve customers 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, Centraal Beheer, Woonfonds and Achmea Investment Management.</li> <li>As a network bank, we consider portfolio acquisitions and product development an essential 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.</li> <li>Our mission is to create sustainable value for our customers, employees, company and society at large.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p>
<p><b>1.2 Strategy Alignment</b> 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.</p>	<ul style="list-style-type: none"> <li>Our strategy incorporates SDGs 10, 11 and 13.</li> <li>The Paris Climate Agreement is incorporated in our strategy. Achmea is also signatory of the Climate Commitment of the Dutch financial sector.</li> <li>Our goal is to achieve average energy label A of our portfolio in 2030.</li> <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.</li> <li>Achmea Bank participates in the Partnership for Carbon Accounting Financials (PCAF) and the Energy Efficient Mortgage Hub Netherlands (EEM-Hub NL).</li> <li>We apply the TCFD framework to our annual reporting.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p> <p><a href="#">Financed emissions</a></p>

## 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.

Requirements	Response	Reference
<p><b>2.1 Impact Analysis</b> 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).</p>	<p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Our business operations are fully located in the Netherlands.</li> <li>• Our focus is on retail banking, mainly 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 services through Centraal Beheer, managed by our partner Achmea Investment Management. For now, these products are not yet in scope of this impact analysis. We aim to include these activities future reports.</li> </ul> <p><b>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:</b></p> <ol style="list-style-type: none"> <li><b>by sectors &amp; industries for business, corporate and investment banking portfolios (i.e., sector exposure or industry breakdown in %), and/or</b></li> <li><b>by products &amp; services and by types of customers for consumer and retail banking portfolios.</b></li> </ol> <ul style="list-style-type: none"> <li>• Achmea Bank’s assets consist for 88% 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 62% 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.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p> <p><a href="#">Financed emissions</a></p> <p><a href="#">EU Taxonomy for Sustainable Activities</a></p> <p><a href="#">Achmea Bank Climate Transition Plan</a></p>

Requirements	Response	Reference
	<p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Together with our partners within and outside of Achmea, we play an important part in access to the Dutch housing market and financial wellbeing in Dutch society.</li> <li>• We 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 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> <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-Hub NL.</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><b>D. Performance measurement: 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.</b></p> <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>	

Requirements	Response	Reference
<p><b>2.2 Target Setting</b></p> <p>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 must 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</p>	<p><b>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.</b></p> <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: We aim for our mortgage portfolio to have an average energy label of A by 2030. 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>We are also committed to the following frameworks/initiatives:</p> <ul style="list-style-type: none"> <li>• The Paris Agreement.</li> <li>• The Dutch Climate Agreement of the financial sector.</li> <li>• Taskforce for Climate-related Financial Disclosures.</li> <li>• UNEP FI Principles for Responsible Banking.</li> <li>• Partnership for Carbon Accounting Financials.</li> <li>• Energy Efficient Mortgage Hub Netherlands.</li> </ul> <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• SDG 10: In 2022 we organised 31 guest lessons. COVID-19 has limited our opportunities to collaborate with schools in the past years.</li> <li>• SDG 11: The average energy label in our base year (2020) was C and in 2022 as well. 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). In our baseline year (2020), our financed carbon intensity was 20.5 kg/m<sup>2</sup> and in 2022 this amounted to 17.6 kg/m<sup>2</sup>.</li> <li>• SDG 13: In the baseline year of 2019 our operational carbon footprint amounted to 0.8 kt CO<sub>2</sub>e and in 2022 this amounted to 0.3 kt CO<sub>2</sub>e.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p> <p><a href="#">Operational emissions</a></p> <p><a href="#">Financed emissions</a></p> <p><a href="#">Social</a></p> <p><a href="#">Achmea Bank Climate Transition Plan</a></p>

Requirements	Response	Reference
	<p><b>C. SMART targets: 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.</b></p> <ul style="list-style-type: none"> <li>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.</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 -47% by 2030, from our 2020 base year to align with a well below 2 degrees pathway.</li> </ul> <p><b>D. Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</b></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>Our Climate Transition Plan outlines our action plans towards our 2030 goals.</li> </ul>	

Requirements	Response	Reference
<p><b>2.3 Target implementation and monitoring</b> 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.</p>	<p>Since February 2023 we publish a central (internal) dashboard about the relevant climate information of our mortgage portfolio. We intent to broaden this dashboard by also adding Social and Governance-related data. This overview of data is key to monitoring and steering on our most important KPI's, like the aim to strive to an average A-label in 2030. To be compliant, KPIs need to be aligned with the scope and domains where we can impact directly and indirectly just as a catalyst.</p> <p>Some of the main initiatives for target implementation and monitoring include:</p> <ul style="list-style-type: none"> <li>• A yearly impact report, including our carbon emissions based on methods provided by the Partnership for Carbon Accounting Financials (PCAF).</li> <li>• 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.</li> <li>• Every year our employees provide guest lessons at primary schools during the 'Money Week'. We aim at a minimum of 50.</li> <li>• Include ESG in remuneration policy and translate through SVM and target setting to senior managers goals (PP&amp;E) (in coordination with the 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 B.V. has issued a green bond in 2022, making use of collateral of Achmea Bank.</li> </ul>	<p><a href="#">Our ESG Ambitions</a></p> <p><a href="#">Operational emissions</a></p> <p><a href="#">Financed emissions</a></p> <p><a href="#">Social</a></p> <p><a href="#">Governance</a></p>

## Principle 3: Clients and Customers

e 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.

Requirements	Response	Reference
<p><b>3.1 Client engagement</b> 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.</p>	<p>The highest negative impact on climate is caused by the mortgages of our customers. Therefore, we have a sustainability policy on housing, KPIs on the energy efficiency score of our mortgages and special programs to encourage homeowners to make their houses more sustainable. We serve 450.00 households with our products. In this context, 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.</p> <ul style="list-style-type: none"> <li>• We collaborate closely with our partner 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> </ul>	<p><a href="#">Our vision</a> <a href="#">Customers</a></p>
<p><b>3.2 Business Opportunities</b> 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.).</p>	<ul style="list-style-type: none"> <li>• We offer services such as Centraal Beheer's 'Duurzaam Woongemak' with services for making homes more sustainable (insulation, solar panels 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>• Achmea Bank expanded its product range with a mortgage for houseboats in 2023.</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> <li>• We strive to make a positive impact on SDGs 10, 11 and 13.</li> </ul>	<p><a href="#">Our vision</a> <a href="#">Financed emissions</a> <a href="#">Achmea Green Finance Framework</a></p>

## Principle 4: Stakeholders

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

Requirements	Response	Reference
<p><b>4.1 Stakeholder identification and consultation</b> 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.</p>	<p>Achmea Bank engages with stakeholders by seeking interaction in various ways. 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 aim to initiate, accelerate and facilitate partnerships to reach the SDGs on various fronts; to this end we joint 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.

Requirements	Response	Reference
<p><b>5.1 Governance Structure for Implementation of the Principles</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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),</li> <li>• 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</li> <li>• remuneration practices linked to sustainability targets.</li> </ul>	<ul style="list-style-type: none"> <li>• For implementation on all our ESG objectives governance is embedded into policies, culture, products and activities.</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 Principles 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 Bank has no remuneration policy in place for ESG targets currently. We aim to include ESG in remuneration policy and translate through SVM and target setting to senior managers goals (PP&amp;E) (in coordination with the group).</li> </ul>	<p><a href="#">Governance</a></p>

Requirements	Response	Reference
<p><b>5.2 Promoting a culture of responsible banking</b> 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).</p>	<ul style="list-style-type: none"> <li>• There are various initiatives to bring sustainability, risk and finance to the attention of our employees.</li> <li>• For example, through information in our intranet and newsletters, through internal lunch sessions.</li> <li>• All employees can learn about sustainability through our always available learning platform.</li> <li>• Permanent education sessions for Board of Directors.</li> <li>• Employee e-learning on cyber criminality.</li> <li>• We have internal networks for diversity, such as our LGBTQIA+-network 'HoIA!' and our network 'Kleurrijk Achmea'.</li> <li>• As part of our HR-policy our employees are allotted four additional days off for communal service. We aim to empower our employees to contribute to financial literacy and wellbeing. Our target is to host 50 yearly guest lectures in primary schools for the initiative 'Bankers in the classroom'.</li> </ul>	<p><a href="#">Our most important role is the role of employer</a></p>
<p><b>5.3 Policies and due diligence process</b> 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.</p>	<ul style="list-style-type: none"> <li>• We recognise that climate change and corresponding policies lead to both physical and transition risks. These risks have been incorporated into Achmea Bank's risk management framework. Where necessary, this is used for (strategic) decision-making and policy adjustments.</li> <li>• We view climate risk as being of primary importance to credit risk. The climate risks are viewed as a risk driver of existing risks, such as credit risk. In 2022, a plan was drawn up for this risk driver to inventory the climate risks. Under this plan, assessments have been conducted for both physical and transition risks.</li> <li>• The physical risks were inventoried using the methodology developed by Climate Adaptation Services (CAS). The individual physical risks were linked to existing credit risk indicators, such as the Loan-To-Value (LTV) ratio.</li> <li>• Scenario analyses and stress testing were used to assess the impact of diversified price trends on the bank's balance sheet. This was done for the Centraal Beheer and Woonfonds mortgage portfolios on the balance sheet of Achmea Bank as of 31 December 2021. Here, the scenarios used were from the ECB 2022 climate risk stress test.</li> </ul>	<p><a href="#">Risk management</a></p>

## 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.

Requirements	Response	Reference
<b>6.1 Assurance</b> Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?	<ul style="list-style-type: none"> <li>This report has no assurance currently.</li> <li>As required from 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.
<b>6.2 Reporting on other frameworks</b> Does your bank disclose sustainability information in any of the listed below standards and frameworks?	<ul style="list-style-type: none"> <li>We apply the TCFD framework to the annual reporting.</li> <li>For our emissions we apply standards provided by the GHG-Protocol and PCAF.</li> <li>We disclose ESG ratings by independent agencies (Sustainalytics and ISS ESG).</li> <li>Achmea Bank plays a key role in Achmea's Green Finance Framework for issuing green bonds.</li> <li>As of this 2022 ESG Impact Report, we apply the UNEP FI PRB framework.</li> <li>As a subsidiary of Achmea B.V. we are not NFRD compliant. 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> </ul>	<a href="#">Achmea Bank N.V. Annual Report 2022</a>  <a href="#">Operational emissions</a>  <a href="#">Financed emissions</a>  <a href="#">Achmea Green Finance Framework</a>  <a href="#">Achmea B.V. Annual Report</a>

Requirements	Response	Reference
<p><b>6.3 Outlook</b>            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.</p>	<p>Our main ESG focus for 2023 will include:</p> <ul style="list-style-type: none"> <li>• Next steps in financial and non-financial risk integration.</li> <li>• Further steps on integrating ESG in our main strategy and culture.</li> <li>• On the topic of climate, we will embed the actions formulated in the Climate Transition Plan throughout the organisation.</li> <li>• The methodologies for both the financed emissions as well as the pathways are constantly evolving. We expect updated methodologies to become available in 2023, which we aim to implement into our future transition plans.</li> </ul>	<p><a href="#">Achmea Bank Climate Transition Plan</a></p>
<p><b>6.4 Challenges the last 12 months</b>            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.</p>	<ul style="list-style-type: none"> <li>• Data availability.</li> <li>• Data quality.</li> <li>• Getting started with PRB; where to start and what to focus on in the beginning.</li> <li>• Customer engagement.</li> </ul>	<p>n.a.</p>



# 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. Scope 3 also includes the financed emissions from our investment, mortgage and property portfolios and the insured emissions from our insurance portfolio.

### 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>).

### Energy label

A home's energy label tells us how energy-efficient it is and what you can do to make it even more so. Possession of an energy label is mandatory on selling, leasing or completing construction of a residential property. Energy 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 energy 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.

### Climate compensation and CO<sub>2</sub> compensation

Climate compensation and CO<sub>2</sub> compensation are terms that indicate that the greenhouse gas emissions, such as CO<sub>2</sub>, from an organisation, activity, product or process are being offset.

### 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.



## Colophon

Achmea Bank ESG Impact Report 2022

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## 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 information, knowledge and opinions at the time of publication of this report.

Although Achmea Bank is of the opinion that the targets 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. The targets, plans and actions may, for instance, be affected by the following (non-exhaustive list):

- Changes to government policy, regulations and legislation and their interpretation and application;
- The availability of reliable data, such as data on greenhouse gas emissions or energy labels;
- Uncertainties and changes to and in the use of (emission) calculation methods and models for measuring greenhouse gas emissions or setting reduction targets by e.g., the PCAF, SBTi or CRREM;
- New or altered scientific insights into climate change.

Despite the constant care and attention Achmea Bank has devoted to compiling this report, it is possible that the information is incomplete or inaccurate. The information in this plan is updated at least annually. Amendments may be made at all times with immediate effect and without any notice being given. If inaccuracies are nevertheless found in the data or if the information is no longer up to date, this is regrettable, but Achmea Bank will not accept any liability for these. This report has not been audited by an external auditor.