

## Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** *Syntrus Achmea Real Estate and Finance B.V. LEI: 724500AFVHXP1A09F194*

### Summary

*Syntrus Achmea Real Estate and Finance B.V. (Syntrus Achmea) 724500AFVHXP1A09F194* considers the principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the principal adverse impacts on *Syntrus Achmea Real Estate and Finance B.V.'s* sustainability factors.

This statement covers the reference period from 1 January 2022 to 31 December 2022.

As an investment manager, we take account of the adverse impacts of our investments on the planet. That way, we can make a difference for future generations. Based on a long-term ESG strategy, Syntrus Achmea clearly sets out the adverse impacts of its real estate investments on sustainability factors. Sustainability factors include environmental, social and employment issues, respect for human rights, and combatting corruption and bribery.

On 10 March 2021, new European legislation came into force requiring financial market parties to report how they approach sustainability in their investments: the Sustainable Finance Disclosure Regulation (SFDR). The SFDR is being implemented in two phases. For the first-phase obligations, Syntrus Achmea published information on the adverse impacts of investments on its website on 10 March 2021. The second-phase obligations apply as from 1 January 2023 and Syntrus Achmea will publish a more extensive version of the 'Statement on principal adverse impacts of investment decisions on sustainability factors' on its website. Before June of each year, this statement will be updated with figures on the adverse impacts of real estate investments on sustainability factors.

Legislation prescribes the principal adverse impacts on sustainability. Syntrus Achmea can also identify additional adverse impacts on sustainability as important and include them in this statement. The principal adverse impacts for real estate investments that must be reported on are the exposure of real estate to fossil fuel activities and exposure to energy-inefficient real estate. Syntrus Achmea has also chosen to report on the greenhouse gas emissions and energy consumption intensity of the real estate. We discuss the choice of these adverse impacts and the specific and other actions we take to reduce the principal adverse impacts in more detail below.

**Indicators applicable to investments in real estate assets**

**Indicatoren voor beleggingen in vastgoedactiva**

<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impacts 2022 (figures will be added before June 2023)</b>	<b>Impacts 2023 (figures will be added before June 2024)</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels.	1. Exposure to fossil fuels through real estate assets.	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	0%		As Syntrus Achmea invests mainly in residential, retail, healthcare real estate and, to a limited extent, in offices, there will be no exposure to fossil fuel activities.	It will strive to keep exposure to fossil fuels limited by not investing in real estate involved in activities such as the extraction and manufacturing process of fossil fuels.
Energy efficiency.	2. Exposure to energy-inefficient real estate assets.	Share of investments in energy-inefficient real estate assets.			The energy efficiency of the investments is already made transparent by the energy label of real estate built before 2021. Real estate constructed more recently must meet the BENG2 (Almost Energy-Neutral Building) standard. The BENG2 standard prescribes that the maximum primary fossil energy consumption must be lower or equal to the statutory standard. Under legislation, properties with an energy label C or lower are considered energy inefficient. Optimising the energy efficiency of real estate is a key part of Syntrus Achmea's ESG strategy.	The focus is on making properties in the portfolio with lower energy efficiency more sustainable. The aim is to have a portfolio consisting entirely of properties with energy label A or higher. Acquisition, disposition and making properties more sustainable can improve energy efficiency. When acquiring properties, the energy efficiency of the real estate and the factors considered in decision-making process are described in the investment proposal for a property.

**Additional climate and other environmental indicators for real estate investments**

Adverse sustainability indicator	Metric	Impacts 2022 (figures will be added before June 2023)	Impacts 2023 (figures will be added before June 2024)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions.	1. GHG emissions.	Scope 1 GHG emissions generated by real estate assets.		<p>As there is a strong correlation between greenhouse gas emissions and the energy efficiency of real estate, monitoring and focusing on reductions is part of the ESG strategy.</p> <p>Carbon emissions of the major real estate portfolios relating to residential, retail and healthcare real estate are collected. Carbon emissions are reported on only for properties whose energy consumption data are complete.</p> <p>Scope 1 is the direct carbon emissions generated by the property owner. This mainly involves emissions because of gas consumption.</p>	<p>CO<sub>2</sub>-reduction roadmaps have been drawn up for the real estate portfolios, showing how total carbon emissions can be reduced. We are striving for a carbon-neutral real estate portfolio by 2050. The CO<sub>2</sub> Roadmap indicates how carbon emissions can be reduced in the current portfolio. On this basis, Syntrus Achmea determines - in consultation with clients - when sustainability measures can be taken for which properties. [Short-term and long-term plans are described in more detail in the real estate portfolios plans and multiannual maintenance budgets]. By focusing on reducing total CO<sub>2</sub>-emissions, scope 1, 2 and 3 carbon emissions are reduced. Progress in reducing CO<sub>2</sub>-emissions is monitored through Syntrus Achmea's CO<sub>2</sub> Dashboard.</p>
	Scope 2 GHG emissions generated by real estate assets.		<p>Scope 2 is the indirect emissions (at another location) generated by the owner. This involves emissions for using electricity and district heating.</p>		

		Scope 3 GHG emissions generated by real estate assets.		Scope 3 is emissions by the tenant. This includes also all emissions generated by the owner that go to the tenant's space.		
		Total GHG emissions generated by real estate assets.		This is the total of scope 1, 2 and 3 emissions.		
Energy consumption.	2. Energy consumption intensity.	Energy consumption in GWh of owned real estate assets, per square metre.			Energy data of the major real estate portfolios relating to residential, retail and healthcare real estate are collected. The energy consumption intensity is reported on only for properties whose data are complete.	The portfolio's actual energy consumption is monitored in the CO <sub>2</sub> Dashboard. By focusing on reducing carbon emissions, energy consumption is also expected to decrease.
<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
<i>Legislation prescribes no additional indicators for social themes in respect of investments in real estate assets.</i>						

## Policy

Syntrus Achmea has an ESG strategy that sets out the vision, requirements and ambitions regarding sustainability for the real estate investments. Syntrus Achmea invests in minimising the impact of the built-up environment on climate change and is dedicated to creating a liveable environment. Syntrus Achmea's Executive Board approved the ESG strategy on 26 January 2021.

## Policy implementation

We take the ESG strategy priorities into account when considering investments. Based on the ESG strategy, for example, our portfolio and fund managers apply various ESG targets to the portfolios they manage and include them in the portfolio plans. The portfolio plans are reviewed annually and form the basis for the strategy by which the funds and portfolios are managed. Portfolio plans are coordinated with Syntrus Achmea's clients. The relevant clients receive periodic reports on how the strategy has been implemented. When properties are purchased, a comprehensive analysis is carried out and documented in the purchase proposal. The purchase proposals also include information on the actual and expected adverse impacts of the property to be purchased on sustainability factors.

## Selection, identification and assessment of principal adverse impacts

Syntrus Achmea's ESG strategy focuses on several themes that are important for investing in attractive and sustainable real estate. Real estate is a sector that has a major impact on the environment, generated, among other things, by carbon emissions and thus climate change. Climate change has been identified as a principal theme in the ESG strategy. Carbon emissions, energy consumption and energy labels (as a method to estimate the sustainability of real estate) are thus key indicators for understanding the impact of real estate on the climate. The measurability of climate-related issues ensures that the adverse impacts of real estate can be specified and monitored over the long term. The importance of climate change has also been recognised in the international context in the form of the Paris Climate Agreement, which the Dutch government adopted and signed in 2016. The government, market players and civil society organisations made arrangements in the Dutch Climate Agreement of 2019. The built environment is one sector in respect of which arrangements have been made to reduce carbon emissions.

## Data sources

We measure the energy efficiency, carbon emissions and energy intensity of our real estate portfolios. We collect, monitor and analyse these data to reduce the adverse impacts of real estate on the climate.

- The final energy label or the BENG2 standard is used to determine the energy efficiency (Nearly zero-energy buildings) of the entire property portfolio. A qualified consultant working for a certified company/organisation (in accordance with the BRL 9500 certification scheme) prepares an energy label. BENG2 refers to the primary fossil energy consumption of a property (and is calculated using the NTA 8800 calculation method).
- The energy consumption of residential, retail and healthcare real estate is requested from grid operators, tenants and property managers or read through smart meters in cooperation with external parties. Energy consumption data are used to calculate the energy intensity. The energy data are converted into carbon emissions. Carbon emissions and energy consumption are recorded in the CO<sub>2</sub> Dashboard, which is updated every autumn using data from the previous year. The CO<sub>2</sub> Dashboard shows energy consumption, the total carbon emissions and scope 1, 2 and 3 emissions. To be able to make a proper comparison with previous years, the energy consumption and carbon emissions of properties purchased or sold during the year are extrapolated to a full year and an adjustment for degree days is made.

## Information on the principal adverse impacts of investment advice on sustainability factors

In investment advice, the adverse impacts of real estate on sustainability factors are considered in the selection process. Investment advice mainly involves selecting funds investing in international real estate. When selecting these funds, we ask whether and how the fund manager clarifies the above sustainability factors and considers them in the investment policy. Practices for measuring the sustainability of real estate currently vary widely and approaches differ between countries. Greenhouse gas emissions and energy consumption are the sustainability factors made most transparent at international level.

Sustainability is part of the scoring method used to select funds. This scoring method is used to assess which of the shortlisted funds score highest, meet Syntrus Achmea's and the client's standards, and are the best fit for the client's preferences. The findings are documented in the purchase proposal which substantiates the investment advice. No thresholds are used unless the clients require them.

### **Engagement policy**

Syntrus Achmea cooperates with various parties in developing and managing real estate to reduce the adverse impacts on sustainability factors. We undertake various activities to integrate the sustainability in this cooperation. Energy efficiency, carbon emissions and energy consumption all play a role in this because there is a strong correlation between these three issues.

For example, we make sustainability a topic for discussion with project developers and property managers to take maximum account of the adverse impacts of real estate.

Our partners' products and services are expected to comply with the purchasing conditions that Syntrus Achmea has set in relation to sustainability. When project developers develop real estate, Syntrus Achmea's 'Schedule of Requirements' forms the basis in which conditions about sustainability are included.

Large-scale sustainability upgrades to properties require coordination with tenants on the sustainability measures and planning. Depending on the type of property, the tenants' wishes, approval and open dialogue with them about the measures to be adopted are key to achieving sustainability. Beyond sustainability initiatives, we also regularly speak to tenants about their general or more specific satisfaction with the property, important developments at commercial tenants, and opportunities for improving various aspects of the property, including sustainability.

### **References to international standards**

#### **Sustainable investment standards**

In 2011, Syntrus Achmea signed the United Nations Principles for Responsible Investment (UN PRI). The UN PRI is the world's leading standard on responsible investment based on international treaties aimed at institutional investors. It is a list of six voluntary, ambitious principles that offer a number of possible measures for incorporating ESG aspects in investment practice.

#### **Global targets relating to climate, environmental and social goals**

Syntrus Achmea's ESG strategy objectives are also linked to five of the United Nations' 17 Global Goals. Examples of our ESG objectives include reducing our carbon footprint, introducing climate adaptation measures, improving the quality of life in neighbourhoods, paying attention to the welfare of our tenants and focusing on affordable housing for specific target groups.

#### **Climate change**

Achmea (Syntrus Achmea's parent company) signed the Dutch Climate Agreement in 2019. This Climate Agreement elaborates the Paris Climate Agreement at national level. By signing this agreement, we express our commitment to the goals of this Climate Agreement. The aim is to make real estate portfolios fully carbon-neutral by 2050. The CO<sub>2</sub> Dashboard monitors how portfolios are progressing in reducing CO<sub>2</sub> in relation to the goals agreed with the client, which are generally based on the goals of the Dutch Climate Agreement. The Carbon Risk Real Estate Monitor (CRREM) is the benchmark for meeting the Paris Climate Agreement goals and is also included in the CO<sub>2</sub> Dashboard.

### **Historical comparison**

Syntrus Achmea will report on the principal adverse impacts on sustainability factors each year. A historical comparison of the reported indicators will be included in this statement. The statement was first published in this format in early 2023. A historical comparison of previous years reported on will be published for the first time in 2024.