

ATHORA NETHERLANDS

Our climate targets and action plan

December 2022



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ATHORA NETHERLANDS HAS BEEN TAKING RESPONSIBILITY TO COMBAT CLIMATE CHANGE

Athora Netherlands aims to provide financial security in a beautiful world, ecologically and socially. That is why we believe, along with the entire financial sector as financiers of the real economy, we have an important responsibility to combat climate change.

In 2015 already, just after the Paris Agreement was adopted, Athora Netherlands's then in-house asset manager ACTIAM formulated a long-term climate target in line with that Agreement that Athora Netherlands adopted for its entire investment portfolio and own internal operations. At that moment, an intermediate target was formulated to reduce greenhouse gas emissions in 2030 by 30% compared to 2010. Athora Netherlands has already surpassed that target. That is why in 2021 we set new, more ambitious climate targets, in line with the latest scientific insights, with 2019 as the base year.

This document describes the latest climate targets of Athora Netherlands, and outlines the actions to reach them. Our approach acknowledges that climate change is caused by multiple factors and requires changes by all sectors. Where initial efforts focussed on the largest carbon emitters and scope 1 and 2 emissions, nowadays all sectors must realize they have to take responsibility and companies also have a responsibility to reduce emissions across their entire value chains (scope 3 emissions).

The shift from fossil fuels-based technologies to renewable energy technologies and the need to improve energy efficiency, already leads to a major paradigm shift in society. Yet, actions also have to reduce methane emissions from livestock, land use change and waste management, and nitrous oxide emissions from fertilizer use. In addition, they have to reverse the reduced carbon sink

capacity of our ecosystems in the form of nature-based solutions. These require additional systemic changes that go beyond the technological solutions many climate change action plans currently focus on.

On top of that, knowing that climate impacts may be reduced but cannot be totally prevented, managing physical climate risks becomes more and more relevant where companies can take action to partly mitigate some of the physical climate risks they encounter.

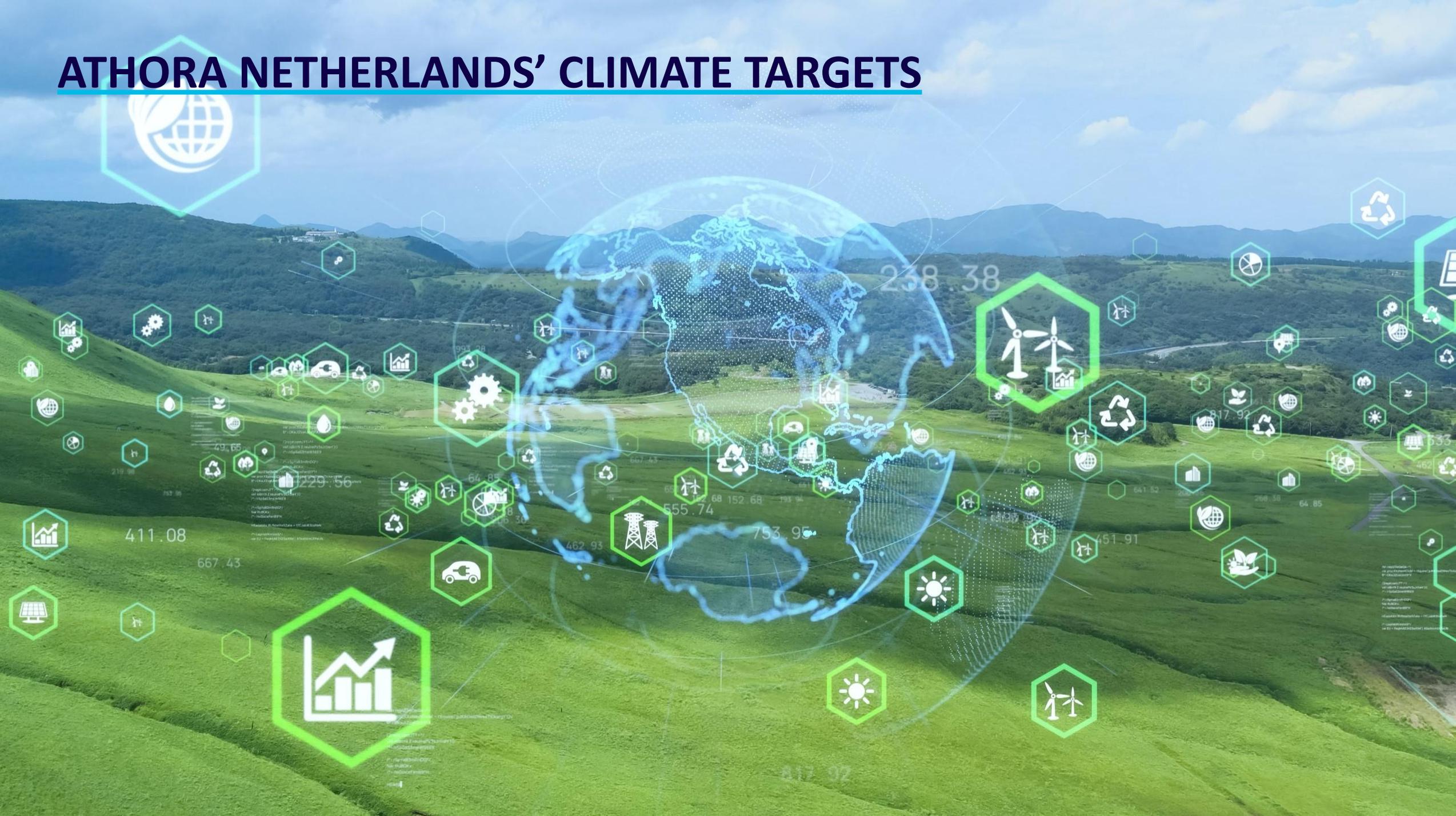
This document is intended solely to describe in a concise and accessible way Athora Netherlands' climate targets and strategy and action plan to achieve. It does not aim to detail all of Athora Netherlands' applicable policies or periodic reporting. These can be found on our website athora.nl, for example [here](#) (investment policies), [here](#) (annual reports) and [here](#) (quarterly reports)

RELATIONSHIP WITH **actiam**

- Athora Netherlands' climate targets and action plan as described in this document are based on the [ACTIAM Climate Target Strategy & Implementation](#).
- ACTIAM was Athora Netherlands' inhouse asset and fund manager until it was acquired by Cardano Risk Management N.V. as per January 2022.
- ACTIAM currently acts as the Sustainability Service Provider for the own account of Athora Netherlands and is the fund manager of the Zwitserleven investment funds that are part of Athora Netherlands' pension and insurance propositions.
- ACTIAM provides Athora Netherlands with CO₂ equivalent data for its entire investment portfolio calculated by using the method of the Platform Carbon Accounting Financials.
- Athora Netherlands has also adopted ACTIAM's sector-specific mitigation pathways based on the McKinsey 1.5°C scenario analysis, UNEP GAP Report, and the Transition Pathway Initiative.



ATHORA NETHERLANDS' CLIMATE TARGETS



IN SUMMARY

- Net-zero greenhouse gas emissions by 2040 for our own operations and 2050 for our investments
- Cover scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions
- Includes CO₂ emissions as well as emissions from other greenhouse gases
- Intermediate reduction targets for investments:
 - 50% reduction by 2030
 - 75% reduction by 2040
 - This equates to an average annual reduction of ~7%
- In line with the 1.5°C scenario of the IPCC, the Paris Agreement and EU Climate Target Plan 2030



NET-ZERO GREENHOUSE GAS EMISSIONS BY 2050, IN LINE WITH A 1.5°C CLIMATE SCENARIO

The overall, long-term target of Athora Netherlands is to achieve net-zero greenhouse gas (GHG) emissions at the latest by 2050, in line with the 1.5°C scenario of the IPCC, the ambitions stipulated by the Paris Agreement and the EU Climate Target Plan 2030.

The climate target applies to all investments of Athora Netherlands as well as its own operations, and covers scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions.

It includes CO₂ emissions as well as emissions from other greenhouse gases such as methane, nitrous oxides and fluorinated gasses.

Given the timespan of the overall target, Athora Netherlands has defined intermediate targets for 2030 and 2040:

- **50% GHG emissions reduction by 2030 compared to end 2019**
- **75% GHG emissions reduction by 2040 compared to end 2019**

Athora Netherlands monitors and reports the aggregate scope 1 & 2 emissions and scope 3 emissions separately to avoid duplication and to prevent that mitigation efforts concentrate on own emissions while neglecting emissions within the value chain that may be more difficult to reduce.

Reductions will especially stem from energy efficiency, low carbon energy supply and renewable energy solutions. Yet, as only approximately two thirds of all greenhouse gases originates from fossil fuels related activities emitting CO₂, emitters of other greenhouse gases will also be targeted. For that reason, reductions will also be realised by lowering emissions from land use (e.g. change of use, fertilizer use) and reducing fluorinated gas emission (e.g. from cooling appliances).

It is expected that different sectors will follow different reduction pathways. On top of this, as concluded by most carbon emission pathway studies that limit warming to 1.5°C with no or limited

overshoot, it is expected that greenhouse gas emissions cannot completely be reduced to zero in 2050. The majority of scenarios assumes that a limited level of greenhouse gas emissions is unavoidable, and factors in *negative emissions* as a necessary solution to reach net zero in 2050. On the one hand, these negative emissions will need to come from nature-based solutions such as avoided deforestation and peatland drainage, peatland restoration, reforestation, restoration of cover crops, improved agricultural practices, improved fishing methods and protection of land and marine biodiversity. On the other hand, technological carbon capture and storage solutions play a role.

Athora Netherlands allows for limited negative emissions to offset emissions in its investments portfolio and own operations.

CLIMATE STRATEGY AND ACTION PLAN



CLIMATE CHANGE MITIGATION THROUGH A NET-ZERO INVESTMENT PORTFOLIO

To achieve its climate targets, Athora Netherlands follows a strategy of *climate change mitigation* to reduce the sources or enhance the sinks of greenhouse gases.

The strategy of *climate change adaptation*, is necessary to mitigate risks stemming from climate change but does not help reach the net-zero greenhouse gas emissions target.

In our role as an investor, we aim to actively contribute to decarbonization in the 'real economy'. Rather than reallocating portfolio positions, Athora Netherlands stimulates investee issuers to adopt business models that are in line with a 1.5°C pathway. This translates into three strategies to reach the climate targets for Athora Netherlands' investment portfolio:

1. Reduce greenhouse gas emissions of issuers by engagement and voting

Athora Netherlands adopts an active ownership strategy and urges corporate issuers to set GHG emission targets and to define actionable implementation plans to

reach those targets. We have defined asset class specific KPIs and targets to ensure sufficient progress is made, e.g., for our equity and corporate bond portfolios we require the top emitting issuers per portfolio/sector to have set science-based targets by end 2023 (and all emitting issuers soon thereafter). In addition, we have adopted a thermal coal phase out strategy with clear maximum thresholds for thermal coal revenues per issuer, reducing from 15% in 2025, 5% in 2028 and 0% by 2030.

2. Invest in solutions that reduce, capture and store greenhouse gas emissions or increase low-carbon energy supply

Athora Netherlands is increasing its investments in solutions that reduce greenhouse gas emissions, increase low-carbon energy supply or capture and store greenhouse gases. This includes investment in issuers generating renewable energy and developing the necessary technologies to generate low-carbon energy. It also includes investing in issuers that develop technologies and

processes that use renewable instead of fossil-based sources or improve energy efficiency. As one means to measure progress, we have set targets for increasing investment in EU Taxonomy aligned activities.

3. Divest from issuers that lack the capacity to make the transition required for a net-zero economy

Athora Netherlands already screens if and how issuers prepare for the low-carbon transition. Our Sustainable Investment Policy defines principles that lead to exclusion of the most environmentally impactful fossil fuel activities such as thermal coal, coal-fired power plants, as well as unconventional exploration such as shale oil and gas, tar sands and deep sea and arctic drilling.

The criteria to identify issuers that lack the capacity to adapt to the low carbon transition will become stricter leading to divestment from (more) issuers in the future.

KPIs AND TARGETS

We have defined KPIs and targets on exclusion, ESG integration, engagement and inclusion for our own account investments and for our Zwitserleven funds for individual asset classes, including:

- (Sub) sovereigns & asset backed securities
- Money Market Funds
- Public Credits
- Listed equity
- Mortgages
- Real Estate
- Private debt
- Private equity
- Collateralized loans

Our corporate bond portfolio represents the largest proportion of GHG emissions*, therefore for this portfolio we target a higher average annual reduction of GHG emission than for our investment portfolio as a whole (8% vs 7%) to ensure realisation of our overall net-zero GHG emissions target.

* Of our own account investments, excludes the ACTIAM managed Zwitserleven investment funds

KPIs AND TARGETS

- Fully CO₂ neutral for housing and facilities without offsetting by no later than 2030
- Entire fleet of lease cars hybrid minimum no later than 1 Jan 2025, and full electric no later than 1 Jan 2026
- Introduction of an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO₂ efficient manner
- Use only CO₂ neutral data centres running on renewable energy from Dutch wind and solar
- Build a comprehensive view on emissions and other climate risks in our value chain and develop purchasing policies aligned with our net-zero GHG emissions by 2040 target.

NET ZERO OPERATIONS THROUGHOUT THE VALUE CHAIN

Athora Netherlands own operations have been CO₂ net neutral since 2015.

We have been using only renewable energy for over decade for our own buildings and facilities, both purchased and generated from solar panels on our offices. In addition, we have increased energy efficiency by adjusting technical installations and lightning. Any remaining emissions are being offset by acquiring high-impact Gold Standard carbon credits.

1. Housing, facilities and transport

Going forward, we have set our ambitions even higher: we aim to have truly CO₂ neutral housing and facilities without the need for offsetting by no later than 2030.

A great step towards this goal is achieved by moving most of our staff to the energy positive EDGE Amsterdam West building in April 2023. Our other building in Alkmaar is also highly energy efficient (as well as gas-free), achieving an A-label.

Additionally, as a result of tightening the car lease policy for staff our fleet will consist of only full electric vehicles by

2026, negating the single biggest source of CO₂ emissions from Athora Netherlands' own operations.

We are developing an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO₂ efficient manner (e.g., through a combination of public transport and bike).

With most of our staff now partly working from home, we are also investigating ways to encourage staff to make their home office more sustainable.

2. "Green IT"

The increase in applications of IT and their use comes with energy consumption and associated GHG emissions. At Athora Netherlands we are very conscious about this, and we actively seek for ways to minimize both. By using cloud software and storage we make more efficient use of (shared) resources, reducing energy consumption and emissions. We also look critically at options to actively purge large volumes of no longer needed documents and investigate how we can develop energy efficient algorithms (e.g., for

artificial intelligence applications).

Also, our devices such as phone and laptop are 'waste neutral', which means that instead of ending up on landfills they are re-furbished and re-used and ultimately responsibly recycled, avoiding CO₂ emissions as well as saving valuable (and sometimes hazardous) raw materials.

3. Other suppliers in the value chain

With the upcoming CSRD and CSDDD regulations, scope 3 emissions will over time need to be measured and reduced for alignment to a 1.5°C climate scenario.

Athora Netherlands is already anticipating on this, by including sustainability criteria incl. GHG emission data requirements in supplier contracts to build a comprehensive view on emissions and other climate risks in our value chain. This includes catering, hospitality and cleaning services, but also consultants and employment agencies as well as outsourcings partners in the Netherlands and abroad. Ultimately, we will only contract with parties that align with our net-zero GHG emissions by 2040 target.

GOVERNANCE AND MONITORING



HOW WE EMBED OUR CLIMATE TARGETS

Commitment to Athora Netherlands' climate targets and action plan is felt throughout the organisation with ultimate responsibility residing with the Executive Board (EB).

All staff is offered (mandatory) sustainability training with significant emphasis to climate related policy and practices. The Executive Board together with the Supervisory Board participated in a tailored two-day sustainable investment course in early 2022.

1. Investments

Within the executive board, the Chief Capital & Investment Officer (CCIO) is tasked with achieving our sustainable investment ambitions, which include the climate targets across all asset classes of the investment portfolio. The Investment and Balance Sheet Committee as the body delegated by the EB for making investment decisions monitors progress towards the climate targets.

The average 7% annual reduction of GHG emission is one of the KPIs used for the performance appraisal of the CCIO. The asset class specific KPIs are part of the performance appraisal of the investment managers.

2. Own operations

All of Athora Netherlands' staff have a responsibility to achieve the ambition of net-zero GHG emissions for our own operations by 2040. We are all encouraged to consider the energy consumption and climate footprint of our behaviour and activities, from how we commute to how we perform daily tasks and design processes and systems.

Different functions within the organisation are tasked with setting and monitoring KPIs for staff or specific areas of our operations: e.g., HR is devising climate friendly mobility options for staff and Facilities is targeting energy neutral ("zero-on-the-meter") buildings, furnishings and facilities by 2030. Similarly, our Outsourcing & Vendor Management function engages with our outsourcing partners and other suppliers on measuring and reducing GHG emissions in our value chain and IT specifically considers the climate impact of our data centres, hardware and software.

Our dedicated Sustainability Office, reporting into the Chief Risk Officer (CRO) in the EB, advises and oversees all targets and actions to achieve.

HOW WE MEASURE AND TRACK PROGRESS

In line with recommendations from the Taskforce on Climate Related Financial Disclosures (TCFD), Athora Netherlands discloses the GHG emissions and its strategies to further reduce emissions in its annual report. Through our partner ACTIAM we use the Platform Carbon Accounting Financials (PCAF) method to calculate our carbon footprint. Athora Netherlands frequently monitors and on an annual basis reports progress on the climate targets by the following metrics for scope 1, 2 and 3 emissions for investments:

- Greenhouse gas emissions intensity (tons of CO₂ equivalent / EUR)
- Absolute greenhouse gas emissions (tons of CO₂ equivalent)

Emission intensity is adjusted for inflation to capture the real greenhouse gas emissions reduction achieved.

Next to that, progress on reaching net zero targets at issuer level will be monitored annually with the following sector- and issuer-specific metrics:

- Sector-specific GHG emissions to output metrics e.g., CO₂ equivalent / MWh generated from fossil fuels for the Utilities and Oil, Gas and Consumable Fuels sectors
- Issuer-specific GHG emission reduction requirements to align with a 1.5°C scenario

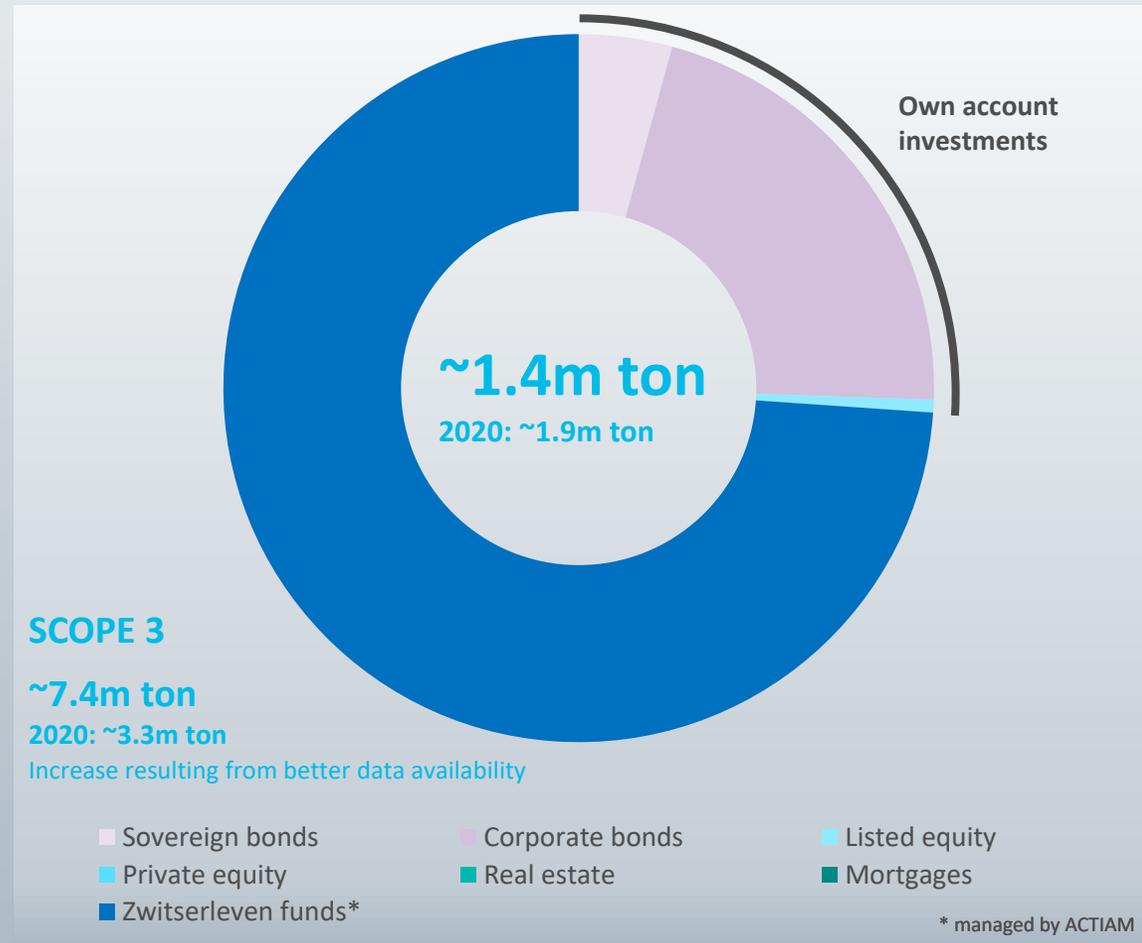
In line with the Financial Sector Science-Based Targets guide, the emission reduction targets will be recalculated and revalidated every 3 to 5 years and if necessary be strengthened.

Finally, Athora Netherlands will also review its target on scope 3 emissions in the upcoming 3 to 5 years as data quality and standardized reporting by corporates on scope 3 emissions will improve over time.

APPENDIX: SOURCES OF OUR CO₂ EMISSIONS (2021)

CO₂ EMISSIONS OF OUR INVESTMENTS (SCOPE 1 & 2)

Reported: 67.4% of investment exposure in EUR; Estimated: 25.4%; No estimation possible: 7.2%



CO₂ EMISSIONS OF OUR OWN OPERATIONS (SCOPE 1, 2 & 3)



