

Sustainable Investing in Real Estate and Mortgages

Athora Netherlands

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Real Estate and Mortgages Policy

For Athora Netherlands, sustainable investing is an integral part of the investment philosophy and the investment process. This investment policy is described in detail in our Sustainable Investment Policy (“SIP”). Athora Netherlands is convinced that better investment decisions are made by taking sustainability opportunities and risks into account. As a sustainable investor, making real estate more sustainable is also an important and logical step. This is done within Athora Netherlands’ organisation, for properties in Athora Netherlands’ use, but Athora Netherlands also applies sustainability criteria in real estate and mortgage investments.

The footprint of the real estate sector is significant. Energy use in the built environment and in the construction of buildings accounts for a large part of global CO₂ emissions and therefore has an important influence on climate change. The significant use of raw materials and the emission of harmful substances also contribute to the footprint. That footprint remains after the building has been put into use.

The real estate portfolio of Athora Netherlands consists of direct real estate, indirect real estate, private equity interests in real estate-related companies and mortgages. This policy focuses on investments in direct real estate and Dutch mortgages.



Direct Real Estate

The direct real estate portfolio of Athora Netherlands comprises predominantly offices, residential real estate and logistics. Most of the real estate is situated in The Netherlands, and some in Europe. Management of the real estate portfolio is taken care of by third parties while Athora Netherlands' Investment Office is monitoring and having an oversight role. Athora Netherlands likes to invest in making direct real estate more sustainable. By making buildings more energy efficient, reducing water use and waste, and using sustainable materials where possible, preparing buildings for the future, contributing to make the real estate sector more sustainable and provide a better living environment.

Sustainable Ambitions

An important role in Athora Netherlands' sustainable ambitions revolves around health. More than 90% of our time we spend inside buildings. The positive effects of a healthy indoor climate are becoming increasingly visible. Scientific research indicates a positive correlation between a good night rest and work in a place with sufficient daylight. An outdoor view helps to relax and refocus. And a diversity of workplaces promotes concentration, collaboration and creativity.

When realizing a sustainable portfolio, the building is therefore built around the person using it, i.e. the tenant. Factors such as health, well-being, a pleasant working and living environment and design are central to this. Athora Netherlands invests in an environment where users can live and work, comfortably and safely. In this way, Athora Netherlands aims to be a responsible real estate investor who puts people first. To achieve Athora Netherlands' ambitions, Athora Netherlands has explicit objectives with regard to energy, water, land use and health. Athora Netherlands is convinced that these sustainability objectives will contribute in the long term to our return objective and to a better living environment.

Energy

Energy-efficient buildings limit the negative effects on climate change. Athora Netherlands' goal is ultimately to obtain energy-neutral buildings in the portfolio in 2050 with the ambition to have already achieved an absolute reduction of 50% by 2030 compared to base year 2019 for the whole real estate portfolio. Athora Netherlands is going to achieve this:

- As of 1 January 2023, all office buildings in the Netherlands must have at least energy label C. As per year end 2024 all offices in the Netherlands within the investment portfolio of Athora already have either an A-label or better;
- For new Dutch real estate there is a minimum requirement of an A-label or the possibility to achieve this by means of renovation / capital investments;
- Since 2018 Athora Netherlands only uses, and continue to use, sustainable electricity from European soil (for example electricity from the sun and wind) and biogas from Dutch raw materials.

BREEAM Certifications

Athora Netherlands uses certifications to assess the quality of its properties in portfolio and to identify areas of improvement. While there is a broad variety of certifications, Athora Netherlands has adopted BREEAM as its main certification process, due to its practical usage, general acceptance and incorporation of multiple sustainability characteristics.

- Athora Netherlands aims to have 90% of the real estate portfolio BREEAM certified as per year-end 2026;
- New real estate to be developed meets at least the "Very Good" requirements of BREEAM-NL Nieuwbouw for Asset if it is certified;
- Renovated buildings meet at least the "Good" requirements of BREEAM for Refurbishment & Fit-Out and In-use for Asset if it is certified;
- Aside from certifications, BREEAM improvement plans are drafted and implemented periodically, identifying measures enhancing the quality of the buildings and improving overall sustainability credentials;
- A Carbon Risk Real Estate Monitor (CRREM) analysis is conducted on Athora Netherlands' entire real estate portfolio to assess carbon risk by evaluating greenhouse gas (GHG) emissions against decarbonisation pathways. This analysis identifies properties at risk of becoming stranded and highlights opportunities for reducing their GHG footprint. If feasible, these opportunities are integrated into the business plans that are constructed annually.

Water

Where possible, leak detection systems and water-saving toilets and water taps will be used in our buildings, significantly reducing water consumption. In addition, Athora Netherlands actively tries to reduce the use of water. The ultimate goal is to minimise water use, through reuse and water storage.

Land Use, Biodiversity and Responsible Use of Materials

For Athora Netherlands' Dutch real estate portfolio, local materials and local parties will be used in the construction and renovation. In addition, all the wood used on the construction site and in the office is provided with an FSC quality mark or a PEFC quality mark. The glass used by us is always a HR++ insulating glass. In new construction, locations with contaminated soil are not avoided. The soil will be thoroughly cleaned. Protected plants and animals on the construction site are also taken into account and measures are taken to increase biodiversity.

Additionally, on a project-by-project basis Athora Netherlands assesses what materials can be re-used to minimise waste and enhance circularity of resources. This emphasises sustainable efficiency and reduces embedded carbon emissions.

Health

During renovations of real estate within Athora Netherlands' portfolio, the well-being of the user is prioritised. This commitment is reflected in the careful consideration of their needs and preferences during both the construction and furnishing processes. Key factors associated with health include the design and construction of the building, as well as its quality, aesthetic appeal, functionality, natural lighting, high-frequency lighting, air quality, temperature regulation, acoustics, and accessibility.

Affordable Housing

As a Dutch pension insurance company, Athora Netherlands invests in affordable housing to meet the growing need for accessible, quality homes in the Netherlands. Athora Netherlands' focus is on sustainable, long-term projects that deliver stable returns for policyholders of Athora Netherlands while supporting social impact. This means that through Athora Netherlands' Dutch residential portfolio a target of at least 60% of residential investments towards the social and mid-rental segments is applicable.

Use and Destination

New and existing buildings will be designed in such a way that they can easily be adapted from a single tenant to a multi-tenant building. Alternative use of a building is therefore easier and promotes sustainable use.

In the event of vacancy and/or renovation, a possible alternative destination will be taken into account. Transformation is considered at the object level.



Impact on Daily Investment Practice

Making real estate more sustainable requires a strategy. Ad hoc measures have insufficient effect. Sustainability is much more than just a technical, physical intervention. It also concerns numerous social aspects that are increasingly seen as decisive. In addition, Athora Netherlands has to deal with the behavioural component of tenants. If this is not considered, Athora Netherlands only achieves installation of technical efficiency. Only together with our partners and tenants Athora Netherlands can make the step towards truly sustainable real estate.

In realising sustainable ambitions in direct real estate, Athora Netherlands therefore uses the following various instruments:

1. Exclusion criteria based on Fundamental Investment Principles Assessment (FIP)
2. Renovations and maintenance
3. Measuring, monitoring and reducing energy and water use and waste (re)use
4. Dialogue with the tenant
5. Collaborate with partners

Hereafter is an elaboration of the aforementioned instruments.

1. Implementation of Fundamental Investment Principles and Sustainable Investment Policy

Athora Netherlands chooses its partners carefully. If a real estate transaction is entered into or a contract is negotiated with local property advisors, tenants or buyers, Athora Netherlands applies a customer due diligence procedure. This is a procedure that tests the integrity and reliability of the contracting parties. Athora Netherlands excludes some investments, external parties and tenants in advance. The Fundamental Investment Principles describes how Athora Netherlands intends to deal with investments with companies, governments, tenants and institutions that do not deal well with the environment, social issues and corporate governance. Specifically, it concerns human rights, fundamental labour rights, corruption, the environment, weapons, customer and product integrity and animal welfare. Tenants and institutions are screened for these points.

Every two years Athora Netherlands conducts an assessment of its complete real estate portfolio, managed by an external party through an investment management agreement and a property manager, through an ESG DD Questionnaire ([Appendix](#)) with the goal to check alignment of the real estate portfolio with the SIP. The criteria that are assessed are i) external asset manager, ii) product/portfolio policy, iii) implemented exclusion criteria, iv) engagement, v) PRI reporting, vi) taxation and vii) ESG data reporting. The assessment results in an ESG classification in line with Athora Netherlands' Sustainable Investment Framework. As per June 30th, 2025, the real estate portfolio classifies as 'adapting' meaning that Athora Netherlands' real estate portfolio is on a good trajectory to meet for instance Athora Netherlands' 2050 net zero ambition.

2. Renovations and Maintenance

Athora Netherlands' current direct real estate portfolio can be labelled as a core/core+ portfolio in the sense that the assets are developed, mature and stable. Athora Netherlands adds as much value as possible to this real estate portfolio by making the buildings more sustainable during large-scale renovations or annual maintenance initiatives. In this way Athora Netherlands strives to prepare buildings for the future.

In addition, Athora Netherlands invests in maintaining and improving the quality of real estate. Every year Athora Netherlands makes budgets available to invest in Athora Netherlands's buildings. Athora Netherlands looks at the entire life cycle of the buildings in portfolio. It involves an integrated approach that is applied during the phases of design, renovation, maintenance and management.

3. Measuring, Monitoring and Reducing Energy, Water, Gas and Waste

To be able to take the step to sustainable real estate, just renovating buildings is not enough. The way in which and the extent to which Athora Netherlands uses energy, water and gas also contributes to the ecological footprint.

In order to be able to measure, monitor and reduce energy, water and gas consumption, all Athora Netherlands's office buildings are equipped with a building management system. This allows the data to be structurally measured and monitored. A start was made through a project with Athora Netherlands' external Property Manager in which the ambition to be CO₂ neutral by 2050 is planned.

Responsible waste management plays an important role. If office waste is properly separated and collected, large quantities of pure raw materials are created for reuse. In addition, the amount of residual waste is reduced.

4. Dialogue with the Tenant

While much of the sustainability efforts are directed at the property quality, it is worth noting that more than 40% of emission savings can be achieved through measures taken by the users. Hence, Athora Netherlands wants to continue to actively involve its tenants in the goal of becoming more sustainable. By putting the tenant first and thinking and deciding together about sustainability and the future of the building, Athora Netherlands optimises the building's sustainable possibilities. Together with the tenant:

- Athora Netherlands ensures that the common areas are attractively and functionally furnished;
- Athora Netherlands looks at the mobility plan and see if Athora Netherlands can contribute to the installation of charging points for electric cars, bicycle parking facilities and shower rooms. Where possible, Athora Netherlands also invests in the vicinity of a good public transport network;
- Athora Netherlands discusses the possibilities and benefits of more efficient energy, water and gas use;
- Athora Netherlands looks at waste management and sees if it can contribute to the separate collection of waste;
- Athora Netherlands takes design measures for the sustainable co-use of outdoor space through the presence of plants and animals, the placement of nest boxes, beehives, the planting of extra greenery and the opening up of parks, possibly in collaboration with nature organisations;

- Athora Netherlands agrees on a sustainability paragraph (i.e., the Green Lease) as part of the lease agreement to ensure data sharing and align sustainability ambitions.

Since 2024, Athora Netherlands has rolled out an annual tenant satisfaction survey to identify areas of improvement in the relationship with the tenant. This process aims to strengthen the long-lasting relationships with its tenants and further progresses the dialogue on sustainable development.

5. Cooperation with our Partners

In order to achieve Athora Netherlands' sustainable ambitions, the cooperation with the Property Manager is essential. The Property Manager is the service partner who is hired to manage the buildings on Athora Netherlands's behalf on an administrative, technical and financial level.

The traditional client-contractor relationship will increasingly give way to partnership and shared responsibility. This new form of cooperation can be laid down in performance contracts with a sustainability statement. In it, goals are agreed with each other with regard to climate, energy savings, comfort, indoor environment, maintenance and operation. Athora Netherlands will also be looking for partners in this area, in addition to the current Property Manager, who endorse Athora Netherlands' ambitions on sustainability.

Since 2024, Athora Netherlands has engaged a third-party service provider supporting in the data collection on energy usage and CO₂ emissions. Jointly with its partner, Athora Netherlands aims to improve data collection through automatic meters and enhanced data sharing solutions. Not only does this contribute to the increased reporting requirements, but this also helps to recognise which properties can be improved and what measures can be taken.



Sustainability Policy of Investing in Dutch Mortgages

As in other asset classes, Athora Netherlands also implements sustainability in its investments in mortgage portfolios. For the collateral – the homes behind the mortgages – Athora Netherlands formulates an ambition regarding sustainability and energy efficiency. As an investor, Athora Netherlands considers it important that energy-efficient living is stimulated by mortgage lenders and that they take into account the suitability and affordability of the mortgage loan for the borrower.

Energy Labels of Houses

In the Netherlands, 15% of total energy consumption and greenhouse gas emissions are caused by households. This is due to the natural gas consumption for heating and cooking, and indirectly to the electricity consumption. Athora Netherlands believes it is important that borrowers are aware of the impact that housing behaviour has on the climate and the environment.

An energy label gives an indication of how energy efficient a home is. The Dutch government has given all private homes in the Netherlands a provisional label based on, amongst other things, location and year of construction. When selling a home, however, the homeowner is obliged to convert this provisional label into a final label.

Objectives

Athora Netherlands does not set a minimum for the energy labels in the portfolio for working with mortgage lenders. Athora Netherlands does this because the Dutch housing market as a whole does not become more energy efficient by only financing mortgages where the collateral has a 'green' energy label. The real-world impact will be made by encouraging borrowers who own a building with a low energy label to make it more sustainable. These improvements lead to a decrease in energy consumption and therefore CO₂ emissions. In addition to the energy label, Athora Netherlands looks at the development in the emissions of the homes.

In Athora Netherlands's view it is not possible to accurately measure the sustainable impact of our investments in Dutch residential mortgage loans due to the complexity of data collection, attribution challenges, and the specificities of the Dutch housing market. This makes it highly difficult to arrive at a clear, reliable, and comparable measure of impact. However, we can estimate the level of energy use and efficiency of the financed collateral. Although this also has the same kind of limitations, it is the best Athora Netherlands is able to measure regarding sustainable impact currently.

For the entire investment portfolio Athora Netherlands has the objective to become net zero on CO₂ emissions by 2050. To achieve this long-term objective, Athora Netherlands formulated two intermediate objectives:

- Athora Netherlands has set a mortgage portfolio target of 50% energy label A as per 2035. Athora Netherlands would preferably like to set direct targets on energy label improvements as well, however, energy label updates are currently only required when selling the property which makes it difficult to steer on improvement targets at this point. Athora Netherlands will closely monitor developments and seek for opportunities to set additional targets.
- Athora Netherlands aims for a reduction in emission intensity of an

average of 7% per year, in line with the requirements of the climate transition benchmarks.

Monitoring and steering are challenges for both objectives. For example, energy labels are usually only updated when a home is sold – where the property falls out of the pool of investments. As a result, a possible improvement of the energy labels is probably not visible in the portfolio. There is also no reliable CO₂ emission data available. For both measures, estimates will be used in case reliable data are not available.

Role Athora Netherlands

Athora Netherlands is not a mortgage lender but invests in mortgages via other parties (i.e. Vista, Rabobank, Munt). Although these originators encourage sustainability improvements, it remains up to the homeowner to carry these out. As an investor, Athora Netherlands can only steer the mortgage lenders to a limited extent. The above are Athora Netherlands's objectives. Athora Netherlands monitors developments in this area and enters into discussions with the mortgage lenders about this.

What Does Athora Netherlands Expect from Mortgage Lenders

Athora Netherlands expects mortgage lenders to actively encourage the borrower to make the home more sustainable and also protect the borrower against irresponsible forms of financing.

Sustainability Advice and Financing

Firstly, Athora Netherlands expects mortgage lenders to enter into discussions with the borrower about possibilities to make their home more sustainable. They are expected to support borrowers in drawing up a sustainability advice for the home. This advice provides, for example, insight into the current state of energy performance of the house, what the various energy-saving measures can be and will deliver, what the costs are and what the payback period is. Athora Netherlands encourages mortgage lenders to offer this sustainability advice in a pre-distributed and easily accessible way. Secondly, Athora Netherlands expects mortgage lenders to offer financial solutions to implement the energy-saving advice.

In addition, Athora Netherlands encourages mortgage lenders to encourage borrowers to make their homes more sustainable. This is done by actively approaching (potential) borrowers with information regarding improvements that increase sustainability. Athora Netherlands also encourages cooperation with other parties (e.g. energy suppliers) to stimulate the purchase of energy-saving measures by homeowners.

Sustainable Financing

There are several reasons why people run into a payment problems and can no longer pay the mortgage. The most likely scenario is an income drop prompted by unemployment and/or a change in the family situation (e.g. divorce). However, Athora Netherlands considers it important that people can continue to live as much as possible in the event of changes in their lives, such as (sudden) unemployment, divorce or incapacity to work, and that the policy that a provider applies does justice to the vulnerable situation of the relevant borrower at that time, without neglecting the interests of Athora Netherlands as an investor.

Athora Netherlands thinks it is important that mortgage lenders:

- Protect people from over-lending;
- Identify payment problems at an early stage and make efforts to prevent further problems;
- Supporting people if they do experience payment problems;
- Be reluctant to grant floating rate mortgages to ensure long-term affordability.

Reports – Information on Portfolio Sustainability Indicators

Athora Netherlands expects periodic reports from the mortgage lenders in which Athora Netherlands invests that contain the following elements:

- Overview of energy labels of the collateral:
 - status and development
 - as a percentage of the assets under management and number of loans
- Estimated CO₂ emissions per home and across the entire portfolio, according to the PCAF methodology:
 - status and development
- Deposits provided for sustainability related improvement measures
 - number and total size
- Dealing with payment problems
 - days behind schedule, restructuring
 - granted payment holidays
 - possible qualitative reports

Engagement and Cooperation with Mortgage Lenders

Athora Netherlands invests in mortgages via mortgage originators, which also involves a different degree of influence. Based on this policy document and Athora Netherlands's SIP, an ESG due diligence questionnaire (appendix A) has been defined. This ESG due diligence questionnaire provides an overview of how a mortgage lender deals with the sustainability, specific for the mortgages Athora Netherlands is invested in, and the way in which it guarantees responsible financing. The criteria that are assessed are i) external mortgage provider, ii) product/portfolio policy, iii) implemented exclusion criteria, iv) engagement, v) PRI reporting, vi) taxation and vii) ESG data reporting. The assessment results in an ESG classification in Athora Netherlands's SIP. As per June 30th, 2025, the mortgages portfolio classifies as 'adapting' for 99% meaning that our mortgages portfolio is on a good trajectory to meet, for instance, our 2050 net zero ambition.

As a result of the assessment, an engagement process can be started with the mortgage lender to improve its performance on sustainability criteria Athora Netherlands deems important, or in the case of searched for additional mortgage providers, the assessment will be included in the selection process.

APPENDIX

Criteria ESG DD Questionnaire	Potential score real estate	Potential score mortgages
Organisation: does the manager integrate sustainability and is the organisation sufficiently staffed?	0 - 7	0 - 7
Product policy: does the investment product have sustainability characteristics like SFDR classification, EU-Taxonomy objectives, sustainability risk management, UNGC compliance?	0 - 23	0 - 50
Exclusions: does the investment product exclude certain sectors in line with Athora Netherlands SIP?	0 - 34	0 - 1
Engagement: does the investment manager have engagement policies in place?	0 - 17	0 - 17
PRI reporting: is the investment manager a UNPRI signatory and is a transparency report publicly available?	0 - 6	0 - 6
Taxation: is the investment product based in a tax cooperative jurisdiction?	0 - 3	0 - 3
Reporting and data: does the fund report on regulatory required SFDR and PAI data?	0 - 10	0 - 10
Total	0 - 100	0 - 100

ESG classification Sustainable Investment Framework	Total Score
At-Risk: the investment product has not committed sufficiently to prove compliance with operating within the planetary boundaries	0 - 60
Adapting: the investment product has committed sufficiently to prove the expectation that it will comply with operating within the planetary boundaries	60 - 80
Sustainable: the investment product has committed sufficiently to prove compliance with operating within the planetary boundaries	80 - 100

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