

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Achmea B.V.
14 February 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Finance Instruments
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (June 2021) as administered by ICMA• Green Loan Principles (February 2021) as administered by LMA• EU Taxonomy Climate Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">• Achmea Green Finance Framework (as of 10.02.2022)• Achmea Selection Criteria (as of 10.02.202)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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Scope of work

Achmea (“the issuer”, or “the Company”) commissioned ISS ESG to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Finance Instruments link to Achmea’s sustainability strategy – drawing on Achmea’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Achmea’s Green Finance Framework (10.02.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), and Loan Market Association (LMA) Green Loan Principles (GLP).
3. The Selection Criteria – whether the nominated project categories contribute positively to the UN SDGs and are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) as included in the Annex of the EU Taxonomy Climate Delegated Act (June 2021) and Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021).

ACHMEA BUSINESS OVERVIEW

Achmea is a financial services provider whose core business is insurance. Through its subsidiaries, Achmea offers a range of insurance products and related financial products through the banking, direct and brokerage distribution channels. In the Netherlands, the main products are property and casualty insurance, income protection insurance, health insurance, term life insurance, asset management and retirement services and retail annuity products. Outside the Netherlands, Achmea operates in Turkey, Greece, Slovakia, Australia, and Canada.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Green Finance Instruments link to issuer's sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 14.02.2022, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Insurance industry. The issuer is rated 50th out of 195 companies within its industry.</p> <p>The Use of Proceeds financed through these Green Finance Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Finance Instruments is clearly described by the issuer.</p>	Consistent with issuer's sustainability strategy
Part 2: Alignment with GBP and GLP	<p>The issuer has defined a formal concept for its Green Finance Instruments regarding Use of Proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.</p>	Aligned
Part 3: Sustainability quality of the Selection Criteria	<p>The Green Finance Instruments will (re-)finance eligible asset categories which include green buildings.</p> <p>Those Use of Proceeds categories have a significant contribution to SDGs 11 'Sustainable cities and communities' and 13 'Climate action'.</p>	Positive contribution to SDG 11 and 13
Part 4: Alignment with EU Taxonomy	<p>ISS ESG assessed the alignment of Achmea's project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis². Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> • Aligned with the Climate Change Mitigation Criteria • Aligned with the Do No Significant Harm Criteria • Aligned with the Minimum Social Safeguards requirements 	

¹ ISS ESG's evaluation is based on the Achmea's Green Finance Framework (10.02.2022 version), on the analysed Selection Criteria as received on the 10.02.2022, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 14.02.2022).

² Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

ISS ESG SPO ASSESSMENT

PART I: GREEN FINANCE INSTRUMENTS LINK TO ACHMEA'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF ACHMEA'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
ACHMEA B.V.	INSURANCE	3	HIGH

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Insurance sector and obtains a Decile Rank relative to industry group of 3, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 14.02.2022, this Rating places Achmea 50th out of 194 companies rated by ISS ESG in the Insurance industry.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

Achmea is an insurance company providing insurance products and services related to property and casualty, life, and non-life as well as retail banking services and wealth management services to individuals and small and medium-sized organizations in the Netherlands and internationally. The company offers single SRI products, including green bond fund, adhering to the taxonomy of the Climate Bonds Initiative, that provides specific solutions to global sustainability challenges. However, such products constitute only a small proportion of the overall product portfolio.

Sustainability Risks

For an insurance company such as Achmea, the main issues are sustainability standards in investments and underwriting, customer and product responsibility, and climate change. Regarding responsible

underwriting procedures, Achmea is a signatory to the United Nations Principles for Sustainable Insurance, a voluntary initiative to integrate social and environmental considerations into the insurance business. The company has also joined the Net-Zero Insurance Alliance.

In addition, the company is a signatory to the United Nations Principles for Responsible Investment and has implemented a detailed policy for both own investments and third-party asset management that integrates ESG topics into its investment decisions, and excludes companies with activities relating to e.g. human and labor rights violations, tobacco, coal, oil sands, and tar pits. The company's strategy in tackling climate change issues includes several aspects concerning its value chain e.g. carbon footprinting of the portfolio, shareholder engagement and green investments.

Risks regarding customer and product responsibility including responsible marketing and sales are moderately addressed by the company's own policy, but the company states that it complies with relevant national regulations that cover such risks. There is only some general information regarding health and safety and employment security. However, as Achmea mainly operates in the Netherlands, a country with high legal labor standards, employee risks are more limited.

Governance opinion



Regarding its governance structure, the independence of the chairman of the supervisory board, Mr Jan van den Berg (as at December 31, 2020), is ensured. Moreover, the majority of the supervisory board members, the audit committee, and the nomination committee are independent, and the board has also set up a fully independent committee in charge of remuneration. The company discloses its remuneration policy for executives, including long-term incentive components, which could incentivize sustainable value creation.

With regard to its governance of sustainability, there is no evidence of a board committee tasked with the supervision of its sustainability strategy³. Yet, Achmea's remuneration policy for executives includes performance targets relating to corporate social responsibility aspects. Regarding business ethics, the company has established a code of conduct covering all relevant topics such as corruption, conflicts of interest, anti-trust violations and insider dealings in varying degrees of detail. Aside from non-compliance reporting channels and whistleblower protection, there is no indication of further procedures to ensure adherence to the company's policies.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of Achmea's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along Achmea's production process.

³ According to ISS ESG proprietary methodology, only committees exclusively composed of board members are considered for the assessment. Achmea has set up a Sustainability Program Board, a committee composed of two board members - one of which chairs the committee - and several senior employees. This committee reports directly to Achmea's board.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Health-related insurance	28.5%	CONTRIBUTION	
Accident-related insurance	3.2%	CONTRIBUTION	
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any controversy.

B. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH ACHMEA’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Achmea’s mission is to contribute to a healthy, safe and future proof society, and to this end the company has defined four domains in the aim to have a positive impact for their stakeholders. These domains are:

1. Bringing healthcare closer
2. Smart mobility
3. Carefree living & working
4. Income for today and tomorrow

Moreover, key areas where Achmea makes a difference include:

1. Climate Change

2020 was the first time Achmea reported on the TCFD recommendations in its annual report. Achmea has formulated a strategy for climate-related issues that is made up of four building blocks:

- Improving knowledge and understanding of the risks relating to climate change for its customers and Achmea, by monitoring developments and conducting research into their impact.
- Creating awareness of the risks of climate change by conducting dialogue with customers and society, including via the Climate Adaptation Monitor.
- Developing investment, insurance, savings and funding propositions and services in order to restrict climate-related damage or loss (adaptation) and help them reduce their carbon

footprint (mitigation). Also, incorporating insights from climate risks into risk management and acceptance frameworks, such as catastrophe risk, by translating these insights into the models that Achmea uses to define insurance risks and subsequently applying them within the reinsurance program.

- Achieving CO₂-neutral business operations by 2030⁴ and reducing the climate footprint, as well as fostering the energy transition via Achmea's investments. The goal for the company's liquid investment portfolio (stocks and credits) is net zero by 2040⁵ which will be tracked by setting intermediary targets. The goal for its real estate portfolio is to achieve minimum energy label A in 2030 and an average energy label A by 2030 for its mortgage portfolio. In addition, the company aims for a climate-neutral insurance portfolio by 2050.

2. Responsible Investment

Achmea makes investments in a socially responsible way. They apply a five-step process when putting Achmea's socially responsible investment (SRI) policy into practice. Some measures taken by the team includes:

- *Measurement:* Achmea measures the social risks and impact of its investment portfolio in line with UN Global Compact, OECD guidelines and UN Guiding Principles.
- *Setting standards:* Exclusion of irresponsible activities. Some commercial activities, such as tobacco and controversial weapons, do not suit Achmea. Also, by definition, they do not invest in countries that structurally violate international standards. They exclude the coal companies with the largest greenhouse gas emissions and companies that cause the most serious environmental pollution. See the [Exclusion Policy](#).
- *Influence:* Achmea is an engaged investor and exercises its influence to resolve social challenges. As a large investor, it can exercise a lot of influence over the policies of companies it invests in.
- *Making an impact:* Achmea believes that an impact is only real if it is intentional and measurable. Achmea takes account of social challenges in ESG integration when selecting individual investment instruments.
- *Reporting:* Achmea is transparent about its activities and investment impacts. It is a member of the Agreement for International Responsible Investment in the Insurance Sector. They assess their SRI policy by the UN PRI, Fair Insurance Guide (Eerlijke Verzekeringswijzer) and the VBDO.

3. Embedding ESG issues in decision making relevant to Achmea's insurance business

Achmea signed the Principles for Sustainable Insurance (PSI) in June 2012. The company also announced⁶ to be joining the Net-Zero Insurance Alliance⁷ (NZIA) in December 2021 and the 'Insured emissions' initiative of the Partnership for Carbon Accounting Financials (PCAF).

⁴ The target refers to scope 1,2 and 3 emissions of the company.

⁵ The emissions portfolio covers borrowers' and investees scope 1 and 2 emissions. Achmea aims to include scope 3 once high-quality data is available.

⁶ See press release: <https://news.achmea.nl/achmea-holds-investor-update-2021-today/>

⁷ See press release: <https://news.achmea.nl/achmea-opts-for-a-climate-neutral-strategy-and-joins-the-net-zero-insurance-alliance/>

Rationale for issuance

As the Netherlands’ largest insurance company, Achmea pursues a responsible investment strategy in line with the UNEP-FI PSI. Achmea has aligned its sustainability strategy with UN SDG targets and EU environmental objectives. Under its Green Finance Framework, Achmea B.V. and its subsidiaries may issue Green Finance Instruments in various formats such as RMBS, Covered Bonds, Senior (Non-) Preferred Debt, Senior Unsecured Debt, Subordinated Bonds and Credit Facilities.

Achmea intends to allocate the net proceeds of its Green Finance Instruments to a portfolio of loans and/or investments relating to:

- new and existing energy efficient residential buildings in the Netherlands (Residential Real Estate) and,
- energy efficient commercial buildings in the Netherlands and internationally (Commercial Real Estate). The eligible loans and/or investments are to be funded in whole or in part by an allocation of the proceeds of issued Green Finance instruments.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Finance Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Insurance sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green Buildings	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these Green Finance Instruments are consistent with the issuer’s sustainability strategy and are material for the issuer’s industry. The issuer has provided a clear rationale for issuing green bonds.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

Achmea intends to allocate the net proceeds of its (future) Green Finance Instruments to (in)directly finance and/or refinance in whole or in part eligible green loans and/or investments (together "Eligible Green Projects") relating to 1) new and existing energy efficient residential buildings in the Netherlands (Residential Real Estate) and 2) energy efficient commercial buildings in the Netherlands and internationally (Commercial Real Estate). As long as the size of the total Eligible Green Projects (together the "Eligible Green Project Portfolio") exceeds the outstanding Green Finance Instruments, Achmea can issue these instruments in a green format.

The Eligibility Criteria for qualification of Eligible Green Projects are as follows:

GBP/GLP Category	Eligibility criteria
Green Buildings	<p>Residential Real Estate:</p> <ul style="list-style-type: none"> a) Residential properties in the Netherlands built before 31 December 2020: <ul style="list-style-type: none"> i. Existing residential buildings with an Energy Performance Certificate (EPC) label "A", and belonging to the top 15% low-carbon residential buildings in The Netherlands⁸ b) Residential properties in the Netherlands built as of 1 January 2021: <ul style="list-style-type: none"> i. New or existing Dutch residential buildings that meet the categorization of Nearly Zero Emissions Building (NZEB) – 10% c) Refurbished Residential buildings in the Netherlands with an improved energy efficiency of at least 30% In terms of EPC labels, this is equivalent to two-step EPC label improvement
	<p>Commercial Real Estate:</p> <ul style="list-style-type: none"> a) New or existing commercial buildings with an Energy Performance Certificate (EPC) label "A" in The Netherlands built before 31 December 2020 b) New or existing commercial buildings that meet the categorization of Nearly Zero Emissions Building (NZEB) - 10% c) New, existing, or refurbished commercial buildings which received at least one or more of the following classifications: LEED "Gold" and above, BREEAM "Excellent", HQE "Excellent", DGNB "Gold" and above, or equivalent or higher level of certification d) Refurbished Commercial buildings with an improved energy efficiency of at least 30%

⁸ Refer to Achmea's Green Buildings Methodology Assessment document available on our website and prepared by CFP.

Opinion: ISS ESG considers the Use of Proceeds description provided by Achmea's Green Finance Framework as aligned with the Green Bond Principles and Green Loan Principles. Environmental benefits are described and quantified.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

Projects financed and/or refinanced through the proceeds of the issue of Green Finance Instruments are evaluated and selected based on compliance with the Eligibility Criteria. When identifying Eligible Green Projects and their non-financial impacts Achmea may rely on external consultants and their data sources.

A Green Finance Committee will manage any future updates of the Framework, including expansions to the list of Eligible Categories, and oversees its implementation. The Green Finance Committee will be composed of representatives from Corporate Finance, Group Sustainability, Investor Relations and Achmea Bank as well as subject matter experts from the various sectors responsible for the allocated assets and will align and report to the Group Asset Liability Committee (ALCO).

The residential and commercial mortgages selection is based on the Eligibility Criteria defined in the section above (Use of Proceeds). Achmea will rely on the support of the Dutch valuation service agency Calcasa. Achmea will match its database of mortgages against the database provided by Calcasa. Calcasa sourced the underlying data with regards to definitive Energy Performance Coefficients directly from the Netherlands Enterprise Agency (the Rijksdienst voor Ondernemend Nederland, RVO). Where definitive Energy Performance Coefficients are not available, Calcasa will calculate them using the RVO's methodology for determining Dutch Residential Energy Performance Coefficients.

Achmea is aware of the fact the EU Taxonomy and the EU Green Bond Standard (EU GBS) require that Eligible Green Projects should not only contribute to at least one of the EU Environmental Objectives, but should also do no significant harm ('DNSH') to any other EU Environmental Objective. Achmea safeguards that all selected Eligible Green Projects comply with official national and international environmental, social standards, local laws and regulations on a best-efforts basis. It is part of Achmea's transaction approval process to ensure that the Eligible Green Projects comply with Achmea's sustainability policy, including those financed with the proceeds of any Green Finance Instruments issued under this Framework. Achmea's sustainability statement can be found at: <https://www.achmea.nl/-/media/achmea/documenten/duurzaam/sustainability-statement.pdf> and the Responsible Investment Policies can be found at: <https://www.achmea.nl/en/sustainability/responsible-investment/exclusion-policy>.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Achmea's Green Finance Framework as aligned with the Green Bond Principles and Green Loan Principles. The projects selected show alignment with the sustainability strategy of the issuer. Achmea has processes in place (anti-money laundering, customer due diligence) to mitigate E&S risks during the mortgage application process. Moreover, the involvement of different internal stakeholders and transparency on responsibilities is considered to be best market practice.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

The proceeds of the Green Finance Instruments will be managed by Achmea on a consolidated basis in a portfolio approach. Achmea intends to allocate the proceeds from the Green Finance Instruments to a portfolio of loans or investments that meets the Use of Proceeds Eligibility Criteria and in accordance with the evaluation and selection process presented above.

Achmea can issue Green Finance Instruments in order to finance its Eligible Green Project Portfolio as long as that portfolio exceeds the outstanding Green Finance Instruments. Achmea will strive, over time, to achieve a level of allocation for the Eligible Green Projects which matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Additional Eligible Green Projects will be added to the issuer's Eligible Green Project Portfolio to the extent required.

Pending the allocation of the net proceeds of Green Finance Instruments to Eligible Green Projects, Achmea will hold and/or invest, at its own discretion, the balance of net proceeds not yet allocated to the Eligible Green Project Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments.

Opinion: ISS ESG finds that the Management of Proceeds proposed by Achmea's Green Finance Framework as aligned with the Green Bond Principles and Green Loan Principles. The issuer discloses the investment instruments for unallocated proceed, in line with best market practice.

4. Reporting

FROM ISSUER'S FRAMEWORK

The Green Bond Principles and Green Loan Principles require Achmea to provide information on the allocation of proceeds. In addition to information related to the projects to which proceeds of the Green Finance Instruments have been allocated, the Green Bond Principles and Green Loan Principles recommend communicating on the expected impact of the projects.

Achmea will align, on a best effort basis, the reporting with the portfolio approach described in "Handbook -Harmonized Framework for Impact Reporting (June 2021)".

The reporting basis for all Achmea Green Finance Instruments and other potential green funding is the Eligible Green Project Portfolio and aggregated reports will be prepared for all Achmea's Green Finance Instruments and other potential green funding outstanding.

Achmea will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Project Portfolio after a year from the issuance of the applicable Green Finance Instruments, to be renewed annually, or until full allocation of the net proceeds of Green Finance Instruments. Reporting will be available on Achmea's website.

Allocation Reporting

To the extent practicable, **Achmea** will provide:

- The total amount of proceeds allocated to Eligible Green Projects
- The number of Eligible Green Projects
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

Impact Reporting

Where feasible, Achmea may report on the environmental impacts of the Eligible Green Project Portfolio funded with the proceeds of Green Finance Instruments or refer to existing sustainability and CSR reporting. Key impact reporting indicators for Achmea's Use of Proceeds may include:

- Estimated ex-ante annual energy consumption in kWh/m²
- Estimated annual reduced and/or avoided emissions in tons of CO₂ equivalent
- Rentable area (m²) of commercial real-estate certified to an eligible green building standard

Opinion: ISS ESG finds that the allocation and impact reporting proposed by Achmea's Green Finance Framework is aligned with the GBPs and the GLPs. Achmea will align the reporting with the ICMA Harmonized Framework for Impact Reporting, on a best effort basis, reflecting best market practices.

External review

FROM ISSUER'S FRAMEWORK

Pre-issuance verification: Second Party Opinion

This Achmea Green Finance Framework has been reviewed by ISS ESG who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Finance Framework will be made available to the Green Finance investors.

Post-issuance verification: Limited assurance on the Allocation Report

Achmea may request, one year after issuance or after full allocation, a verification by its external auditor (EY or any subsequent external auditor) of a management statement on the allocation of the proceeds of Green Finance Instruments to the Eligible Green Project Portfolio.








PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Finance Instruments' Selection Criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Achmea's Green Finance Instruments to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs⁹:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings EPC label of at least A and in the top 15% low-carbon residential buildings in The Netherlands;	Significant Contribution	13 CLIMATE ACTION 
	Limited Contribution¹⁰	11 SUSTAINABLE CITIES AND COMMUNITIES 
Green Buildings Acquisition of refurbished buildings in the Netherlands with an improved energy efficiency of at least 30%. In terms of EPC labels, this is equivalent to two-step EPC label improvement	Significant Contribution	13 CLIMATE ACTION 
	Limited Contribution¹¹	11 SUSTAINABLE CITIES AND COMMUNITIES 
Green Buildings Dutch residential buildings that meet the categorization of Nearly Zero Emissions Building (NZEB) – 10%;	Significant Contribution	13 CLIMATE ACTION 
	Limited Contribution¹²	11 SUSTAINABLE CITIES AND COMMUNITIES 
Commercial Green Buildings Certified to LEED "Gold" and above, BREEAM "Excellent", HQE "Excellent", DGNB "Gold" and above, or equivalent or higher level of certification	Significant Contribution	11 SUSTAINABLE CITIES AND COMMUNITIES 

⁹ This SDG assessment slightly differs from ISS ESG SDG Assessment Methodology since the issuer has based its selection criteria with the technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021). When the requirement is aligned with the technical screening criteria, a significant contribution to SDG 13 is granted.

¹⁰ The assessment in this tab slightly differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows to consider more granular information on the project level.

¹¹ The assessment in this tab slightly differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows to consider more granular information on the project level.

¹² The assessment in this tab slightly differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows to consider more granular information on the project level.


B. ALIGNMENT OF THE ELIGIBLE GREEN PROJECT CATEGORIES WITH THE EU TAXONOMY

ISS ESG assessed the alignment of Achmea’s project selection process and company policies for the nominated Use of Proceeds project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act¹³ (June 2021), based on information provided by Achmea. Where Achmea’s projects and policies fully meet the criteria requirements, a tick is shown in the table below, for the ISS ESG assessment against the criteria requirements.

Achmea’s nominated project categories overlap with the following economic activities in the EU Taxonomy for Substantial Contribution to Climate Change Mitigation:

- 7.7 Acquisition and ownership of buildings, for the acquisition/ownership of buildings built before January 1st, 2021

7.7. Acquisition and ownership of buildings

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ISS ESG ANALYSIS AGAINST REQUIREMENTS
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA		
<p>1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p>	<p>Achmea has not yet identified the entirety of the projects to be financed under this Use of Proceeds category. However, the company commits to only include in its financing projects that meets the relevant Technical Screening Criteria for EU Taxonomy activity 7.7 (Acquisition and ownership of buildings). Achmea will report on how its customers comply with the EU Taxonomy requirement in its annual reporting.</p> <p>In the Netherlands, the number of EPC label A buildings exceeds the top 15%. Thus, the two criteria are cumulative, and buildings will both belong to the top 15% and have EPC class A. Achmea has developed a methodology to identify eligible buildings with the help of external consultants (see note 4 on page 11).</p>	

¹³European Commission, Taxonomy Regulation, Climate Delegated Act, https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

<p>2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1¹⁴ of the Annex (of the Delegated Act¹⁵) that are relevant at the time of the acquisition.</p>	<p>Achmea has not yet identified any projects under this category. However, the company commits to only include in its financing projects that meet the criteria on the left. Achmea will report on how its customers comply with the EU Taxonomy requirement in its annual reporting.</p>	<p style="text-align: center;">✓</p>
<p>3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment¹⁶.</p>	<p>Currently there are no assets under this category. Achmea is committed to align with the EU Technical Screening and will report on the compliance with EU taxonomy requirements in its annual reporting.</p>	<p style="text-align: center;">✓</p>
<p>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</p>		
<p>The physical climate risks that are material to the activity have been identified from those listed in the table in Section II (of the Delegated Act) by performing a robust climate risk and vulnerability assessment with the following steps:</p> <p>(a) Screening of the activity to identify which physical climate risks from the list in Section II (of the Delegated Act) may affect the performance of the economic activity during its expected lifetime.</p>	<p>Achmea has begun to analyze its mortgage portfolio regarding physical climate risk, with a focus on the identification of material risks. Data has been collected from the Dutch organization Climate Adaptation Services²² (CAS). Based on CAS climate data as used by Syntrus Achmea, Achmea Bank specifically investigates the impact of climate change on its mortgage portfolio.</p>	<p style="text-align: center;">✓</p>

¹⁴ The first technical screening criterion (TSC) of section 7.1 is relevant for this issuance. As such, Achmea has decided to measure nearly zero-energy building (NZEB) – 10% in terms of BENG 2 (maximum primary fossil energy usage in kWh per square meter per year). The company commits to only include in its financing projects that meet the criteria. Achmea will report on how its customers comply with the EU Taxonomy requirement in its annual reporting. Therefore, ISS ESG concludes that the Green Projects own performance and selection process align with TSC 1 of category 7.1. The other two TSC of category 7.1 are not relevant for the issuer.

¹⁵ European Commission, April 2021, Annex I – Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

¹⁶ This can be demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU.

²² CAS- <https://www.klimaatteffectatlas.nl/en/>

(b) Where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of this Appendix, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity.

(c) An assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment are proportionate to the scale of the activity and its expected lifespan, such that:

(a) For activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios¹⁷ consistent with the expected lifetime of the activity, including, at least, 10-to-30-year climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and consider the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports¹⁸, scientific peer-reviewed publications, and open source¹⁹ or paying models.

Relevant risks have been identified in relation to heat stress, (ground) water nuisance, pole rot and flooding. Regarding the risk of flooding, the Dutch government has put adaptive measures in place through its Delta Program. Another example is the regulation to prevent the risk of climate change (such as the Water Act and Spatial Planning Act). Moreover, the issuer has identified *green roofs* and insulation services as a suitable adaptation solution for existing and new buildings. However, further solutions for further risks have not been assessed yet.

In 2022, Achmea Bank started researching and implementing scenario analyses for climate change risks based on the IPCC concentration pathways. These scenarios comprise the (potential) effects over a longer period, specifically until 2050. Given the fact that there are mortgages with a maturity of 30 years, this timeframe will be extended in the future. In addition, the Dutch Central Bank (DNB) is expected to also require (future) compliance of banks with the ECB Guide on climate-related and environmental risks, which include scenario analysis and stress-testing. Achmea Bank will take into consideration these requirements and DNSH criteria outlined on the left. Achmea considers reporting on how the activities comply with these requirements in its annual reporting.

¹⁷ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

¹⁸ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>

¹⁹ Such as Copernicus services managed by the European Commission.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.

For new activities and existing activities using newly built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations. The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional, or national adaptation strategies and plans; and consider the use of nature-based solutions²⁰ or rely on blue or green infrastructure²¹ to the extent possible.

3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA

N/A		N/A
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4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

N/A		N/A
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5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

N/A		N/A
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²⁰ Nature-based solutions are defined as 'solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions'. Therefore, nature-based solutions benefit biodiversity and support the delivery of a range of ecosystem services. (version of [adoption date]: <https://ec.europa.eu/research/environment/index.cfm?pg=nbs>).

²¹ See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Green Infrastructure (GI) — Enhancing Europe's Natural Capital (COM/2013/0249 final).

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

N/A

N/A

Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation²³. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
<p>Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.</p>	<p>Through its Responsible Investment Policy²⁴, Achmea has committed to follow the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.</p> <p>All Green projects are in The Netherlands, a country that ratifies all eight Fundamental Conventions covering subjects that are considered to be fundamental principles and rights at work. Furthermore, Achmea has a specific focus on the topic of labor standards and actively encourages companies to develop a labor standards risk management approach and a labor standards policy that adheres to at least the four fundamental principles and rights at work from the ILO Core Conventions.</p>	<p style="text-align: center;">✓</p>

²³ European Union, June 2020, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

²⁴Achmea, March 2021, Responsible Investment Policy, <https://www.achmea.nl/-/media/achmea/documenten/duurzaam/verantwoord-beleggen/achmeas-verantwoord-beleggenbeleid.pdf>

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

EU Taxonomy

ISS ESG evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Finance Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows to understand if Achmea's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Achmea (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Achmea (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Achmea's Green Finance Instruments contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

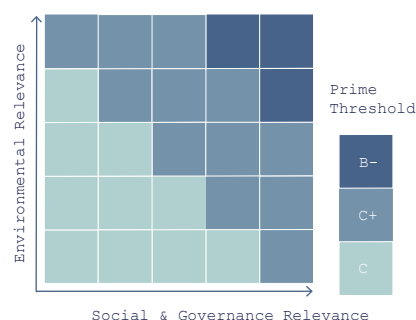
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

Achmea commissioned ISS ESG to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green Finance Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021)
- LMA Green Loan Principles (February 2021)
- EU Taxonomy Climate Delegated Act (June 2021)

ISSUER'S RESPONSIBILITY

Achmea's responsibility was to provide information and documentation on:

- Framework
- Documentation of ESG risks management

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Finance Instruments to be issued by Achmea based on ISS ESG methodology and in line with the ICMA Green Bond Principles and LMA Green Loan Principles.

The engagement with Achmea took place in December 2021 and February 2022.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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