

# SFDR Disclosures

Appendix V

01 July 2024

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AeAM Dutch Mortgage Fund 3

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Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

AeAM Dutch Mortgage Fund 3

Legal entity identifier: 724500BQCNIJ21TMGR57

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Although the commitment for a minimum of sustainable investments is 0, this financial product does contain sustainable investments, which are reported in the regular reporting. The definition of sustainable investments is currently still being developed, both the more detailed explanation of the legislation and in the market. Based on these developments, a.s.r. will be able to update the minimum and the definition of sustainable investments in 2023



## What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes the following ecological and social characteristics:

**Ecological characteristics:** Promoting energy efficiency and sustainability of the housing market, in particular the houses for which mortgages were provided.

1. **Sustainability mortgage for new and existing mortgages:** See the section below on sustainable investments for more information about sustainability mortgages.
2. **Implicit improvement energy efficiency houses:** The improvement of the energy efficiency of houses is an environmentally-sustainable investment under activity 7.2 Renovation of existing houses of the EU taxonomy if the 'renovation [leads] to a reduction of the demand for primary energy by at least 30%'. In order to establish this, a.s.r. has developed a method that can be used to measure the implicit or expected improvement after the deployment of the energy-efficient mortgage. This method is still being developed, such as with respect to the application of criteria to prevent other objectives from being affected to a serious degree (the 'do no significant harm' principle). a.s.r. has therefore not yet issued a commitment concerning the minimum share of these sustainable investments.
3. **Working together on accelerating energy efficiency and a sustainable housing market:** a.s.r. works together with more than 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and relevant market developments with respect to energy-efficient mortgages. Making houses and buildings more sustainable is the central focus of the EEM Hub NL. It discusses for example the interpretation of the EU taxonomy criteria for the Dutch housing market. Houses may fall under activity 7.2 Renovation of existing houses or 7.7 Acquisition and ownership of buildings for example. Within this cooperation there is ongoing discussion about how the criteria for preventing another objective from being prejudiced to a serious degree are to be applied within the context of Dutch mortgages.

**Social characteristic:** Access to the housing market for first-time buyers.

4. **WelThuis starter mortgages:** Fund investments in WelThuis starter mortgages make the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. The starter mortgages are comparable to the WelThuis mortgages, but have a repayment period of 40 years, which means that the borrowers have lower monthly mortgage payments. This makes home ownership more accessible to this target group. At the same time, the repayment period can be adjusted to the regular repayment period of 30 years after a few years if the borrower wishes to do so.

**Explanation to the following ecological and social characteristics:** The a.s.r. WelThuis mortgages in the fund originate with ASR Levensverzekering N.V. The Fund invests in a cross-section of new a.s.r. WelThuis mortgages that were concluded. Borrowers are not obliged to take out an energy-efficient mortgage and/or a starter mortgage if they wish to take out a mortgage loan with ASR Levensverzekering N.V. However, ASR Levensverzekering N.V. does focus on encouraging the use of energy-efficient mortgages and starter mortgages by borrowers. The Fund does not use benchmarks for comparing its sustainability characteristics.

## *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The realisation is measured on the basis of the following indicators

- **Ecological:** The level of carbon emissions (CO<sub>2</sub>) of the houses related to the mortgage portfolio;



- **Ecological:** Percentage a.s.r. WelThuis mortgages with a sustainability component in the investment portfolio after 1 year from when it was provided;
- **Ecological:** Financing in euros included for the purpose of making the collateral more sustainable from the agreed sustainability facilities;
- **Ecological:** Division by energy label of the underlying houses in the investment portfolio;
- **Ecological:** Expected improvement in energy labels after the borrowers have implemented sustainability measures;
- **Social:** Percentage a.s.r. WelThuis starter mortgages in the investment portfolio

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The energy-efficient mortgage provided to borrowers contributes to the objective of promoting energy-efficiency and sustainability of the housing market, and therefore contributes to the mitigation of climate change. Borrowers are not obliged to take out an energy-efficient mortgage if they wish to take out a mortgage loan with ASR Levensverzekering N.V. This Fund therefore has a minimum of sustainable investments of 0%. However, ASR Levensverzekering N.V. does focus on encouraging the use of energy-efficient mortgages and starter mortgages by borrowers.

The energy-efficient mortgage is offered for new and existing mortgages:

1. **Energy-efficient mortgage for new mortgages:** a.s.r. facilitates borrowers with accessible and attractive financing for making the house more sustainable and therefore contributes to the mitigation of climate change by means of the WelThuis energy-efficient mortgages. An energy-efficient mortgage has been offered as standard in every new a.s.r. WelThuis mortgage offer since October 2019. For a standard amount of €9,000 borrowers will have access to a sustainability deposit for a period of two years, from which deposit financing may be withdrawn against submission of proof of purchase of a sustainability measure. The mortgage provider, ASR Levensverzekering N.V., applies a list of sustainability measures for which an additional loan may be used. This includes items such as solar panels, HR++ glass, roof insulation, heat pumps or heat recovery systems.
2. **Energy-efficient mortgage for existing mortgages:** Existing borrowers can also take out an energy-efficient mortgage to make their current home more sustainable. They have been able to do so via the online environment since Q2 2022. a.s.r. therefore offers many more borrowers the possibility of implementing sustainability measures.

This Fund may include investments in line with the EU taxonomy; a.s.r. is busy applying the relevant criteria to Dutch mortgages in consultation with other financial service providers. You can read more about this in the section on the ecological and social characteristics.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The product is an investment fund that invests in claims based on mortgage loans. The underlying loans concern inter alia partial sustainable loans. Implementation of those sustainable measures is bound by the preconditions imposed by the lender. Those preconditions are intended in part to prevent other ecological or social sustainable investment objectives from being compromised to a serious degree.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

This fund takes two PAI indicators into account, and also applies these indicators to the energy-efficient mortgages. **PAI for property assets Table I #18 Exposure to energy-inefficient property assets** shows which percentage of mortgages in this Fund are considered as energy-

**Principal adverse impacts** are the most significant negative effects of investment decisions on sustainability factors related to environmental and social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

inefficient by the European Commission. **PAI for property assets Table II #18 Greenhouse Gas Emissions** measures scope 1, scope 2 and the total greenhouse gas emissions for the mortgages in this Fund. Both PAI indicators therefore monitor the energy-efficiency of the houses, to which the energy-efficient mortgages also contribute.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The European Commission clarified in May that since the OECD guidelines and guiding principles of the UN regarding the business and human rights focus on enterprises, this question therefore does not apply to investment in mortgages.

**Asset allocation** describes the share of investments in specific assets.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_

No

This fund currently takes account of the following key unfavourable impact of sustainability indicators:

- **PAI for real estate assets Table I #18 Exposure to energy-inefficient real estate assets:** a.s.r. measures the percentage of homes considered energy-inefficient under this indicator. This refers to the value of mortgages with an EPC of C or lower divided by the total value of mortgages that must comply with EPC- and NZEB-rules. For homes built after 31-12-2020 is the PED (instead of EPC) information under near-zero energy building not yet available. a.s.r. takes this indicator into account by working to improve the energy efficiency and sustainability of these homes, see the ecological characteristics of sustainable investments section.
- **PAI for property assets Table II #18 Greenhouse Gas Emissions** scope 1, scope 2 and the total greenhouse gas emissions for the mortgages in this fund. Scope 1 and 2 concern the energy consumption of houses. Scope 3 emissions are not relevant to mortgages within the context of the PAI guidelines. The indicator is measured and it is assessed in consultation with ASR Levensverzekering N.V. whether this can be improved over time.

This PAI is reported in the regular reporting.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



To determine compliance with the EU taxonomy, the criteria for **fossil gas** include emission limits and conversion to renewable energy or low-carbon fuels by the end of 2035. For **nuclear power**, the criteria include comprehensive rules on safety and waste management.

**Good governance** practices include sound management structures, employee relations,

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



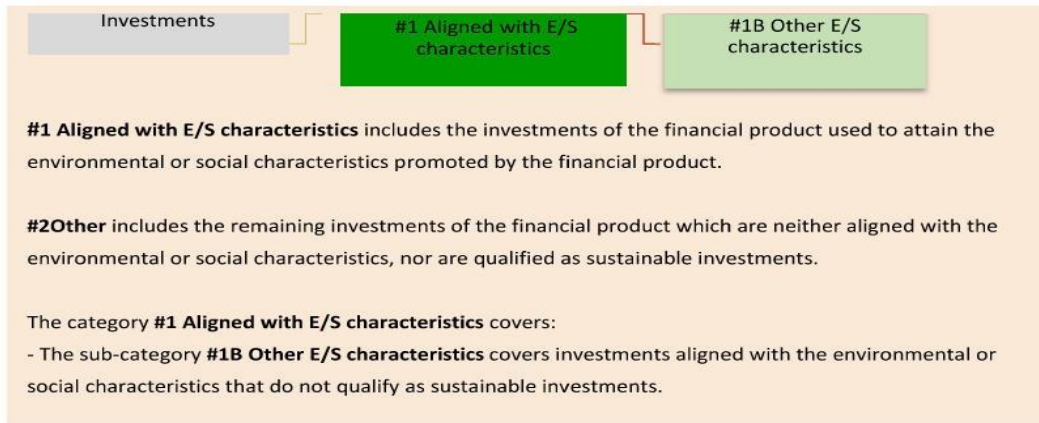
**What investment strategy does this financial product follow?**

The a.s.r. WelThuis mortgages in the fund originate with ASR Levensverzekering N.V. The Fund invests in a cross-section of new a.s.r. WelThuis mortgages that were concluded. The Fund does not use benchmarks for comparing its sustainability characteristics.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

There are no binding elements in the selection of the investments in order to comply with the ecological and social characteristics promoted by this fund.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**



There is no minimum percentage that limits the investment scope of other investments.

**What is the policy to assess good governance practices of the investee companies?**

The Fund does not invest in enterprises, but only in a.s.r. WelThuis mortgage claims held by ASR Levensverzekering N.V. This subject therefore does not apply to this financial product.

**What is the asset allocation planned for this financial product?**

In addition to investments, this fund also includes a small percentage in cash (at most 5 percent). The investments (excluding cash) consist for 100% of mortgage claims purchased from ASR Levensverzekering N.V. These investments are invested for 100% in #1 Aligned with the aforementioned E/S characteristics and #1B Other E/S Characteristics

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not allowed in this Fund either.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

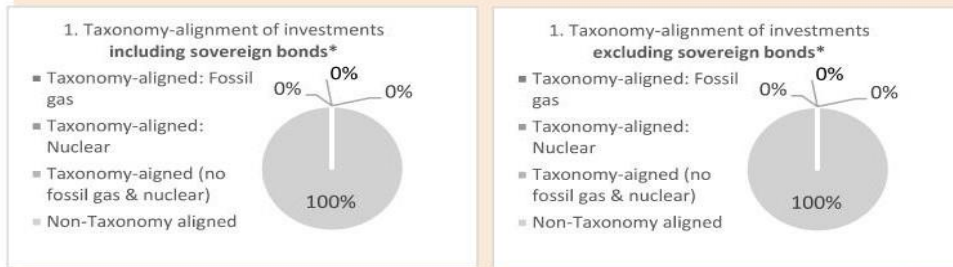
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

As referred to with respect to the ecological characteristics, a.s.r. is busy applying the relevant criteria to Dutch mortgages that are in this Fund in consultation with other financial service providers.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of investments in transitional and enabling activities?**

This fund does not have a minimum share of investments in transition and facilitating activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

This Fund does not have a minimum share of sustainable investments with an ecological objective that are not aligned with the EU taxonomy.



**What is the minimum share of socially sustainable investments?**

This Fund does not have a minimum share of sustainable investments with a social objective that are not aligned with the EU taxonomy.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

- No investments are included in #2 Other. All investments are included under #1 (Aligned with E/S characteristics). See the chart above.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.





## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Fund does not use benchmarks for comparing its sustainability characteristics.



## Where can I find more product specific information online?

You can find more product-specific information on the Manager's Website: [www.aegonam.com](http://www.aegonam.com) \_You can find here among other things the applicable sustainability policy (SRI Policy), lines of conduct, exclusion policy, voting policy, remuneration policy as well ESG reporting, annual reports and progress with respect to applicable non-financial objectives. Further information concerning the investment strategy of the Fund can also be found in the Article 10 statement.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

## How are the sustainability risks integrated in investment decisions? What are the results of the assessment of the probable impact of sustainability risks on the return?

The Manager embeds sustainability in its investment process by means of the aforementioned sustainability policy and investment strategy and thus aims to mitigate and control the impact of sustainability risks on the return of the portfolio. This does not alter the fact that sustainability risks could materialise and could have an impact on the investments and the return of the Fund.

The mortgage loans in the Fund originate with ASR Levensverzekering N.V. This means that all ASR Nederland N.V. policy documents apply to this product as well as the general terms and conditions of the WelThuis products.

The Manager conducts a continuous dialogue with the lender concerning the sustainability subjects referred to above. The structuring of the portfolio is assessed on a continuous basis with respect to these aspects.

The sustainability risks that have been identified are set out and assessed for this Fund below.

### Physical risks

The properties in which the Fund invests are exposed to physical climate risks. These may manifest themselves as floods, storms, heat and limited access to natural resources for example. This could result in a decrease in the value of the properties in which the Fund invests. The following risks are in particular relevant to the Fund.

- **Flood risk:** this is a relevant risk for the Fund because the properties in which the Fund invests are partly located in an area with a flood risk. In the event a flood takes place in such an area, this is likely to have a negative impact on the value of these properties. This could mean that the value of the Fund is affected negatively. The Manager addresses this by applying a sectoral and geographical spread and by applying an origination policy. This risk to the Fund is considered to be low.
- **Drought risk:** this is a relevant risk for the Fund because the properties in which the Fund invests are partly located in an area that is susceptible to periods of drought. In the event a period of drought takes place in such an area, this is likely to have a negative impact on the value of these properties. This could mean that the value of the Fund is affected negatively. The

Manager addresses this by applying a sectoral and geographical spread and by applying an origination policy. This risk to the Fund is considered to be extremely low.

**Storm risk:** this is a relevant risk for the Fund because the properties in which the Fund invests are partly located in an area where storm (damage) may occur relatively more often. In the event a (large) storm takes place in such an area, this is likely to have a negative impact on the value of these properties and therefore on the value of the Fund. This risk to the Fund is considered to be extremely low.