



# GHG EMISSIONS REPORT ACHMEA BANK MORTGAGE PORTFOLIO

REPORTING YEAR 2019

achmea 

### Foreword

Since the 2015 Paris Climate Conference the banking sector has been contributing to the realization of the ambitions of the Paris Agreement.

In 2019 Achmea Bank and many other parties in the financial sector signed the Climate Agreement, thereby committing ourselves to report on the climate impact of their loans and investments from 2020 onwards. The parties also announced that by 2022 they would have action plans in place to reduce their CO<sub>2</sub> emissions. Combating climate change has been high on Achmea's strategic agenda for many years and it is one of the three main areas of focus (UN Sustainable Development Goals) in its strategy.

An important factor in this endeavor is to measure and disclose the carbon footprint of investments. In this context the Dutch Platform Carbon Accounting Financials (PCAF), a collaboration between Dutch financial institutions, launched an initiative in 2015 to develop a methodology for the different types of asset classes at financial institutions. Achmea Bank uses this method to calculate the carbon footprint of its mortgage portfolio.

This is the first GHG emissions report about the mortgage portfolio of Achmea Bank.

March 2020

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## Introduction

A significant amount of carbon emissions in the Netherlands are caused by homes. In order to achieve the ambitions of the Paris climate agreement, a large part of the Dutch housing stock must be made more sustainable. As a provider of mortgages, we have a social responsibility to contribute to the reduction of the greenhouse gas emissions of the houses we finance. That is why we offer financing options to make homes more sustainable. We also actively encourage our customers to make their homes more sustainable, thus reducing emissions. In 2019 we started monitoring the CO2 emissions of our mortgage portfolio.

## Energy labels of the mortgage portfolio

As regulated by EU policy, energy labels have become mandatory for residential property in the Netherlands. These labels are an indication of the energy efficiency of the home, providing information on which the consumption of gas and electricity can be estimated. All buildings in the Netherlands have a provisional energy label based on general information that the authorities have about the property, such as the type of building, floor area and the year of construction. Home owners can request a definitive energy label for their house, which is a more reliable measure of the energy performance of the property. Every home owner who wants to sell or rent out their dwelling must provide a definitive energy label.

The Netherlands Enterprise Agency (RVO) registers all indicative and definitive energy labels in the Netherlands. Figure 1 shows the division of energy labels in our mortgage portfolio on 31 December 2019.

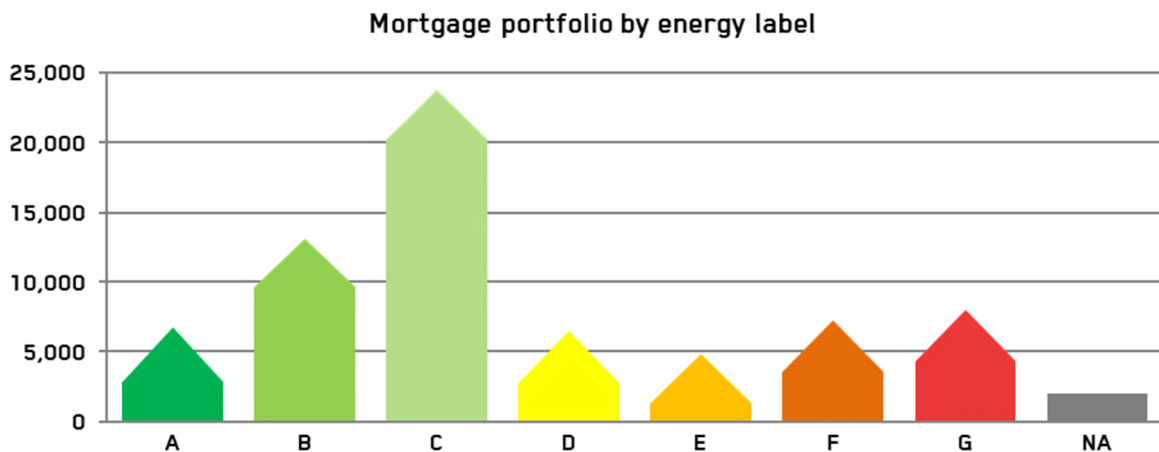


Figure 1. Composition of Achmea Bank mortgage portfolio by energy label (number of mortgages)

We derive the energy labels from Calcasa. Calcasa is the leading automated valuation model (AVM) provider in the Netherlands. On a quarterly basis, the Calcasa database is matched by address to our mortgage portfolio. Calcasa gets the energy labels from the RVO. About 21% of matched addresses have a definitive energy label. If there is no definitive energy label, the provisional label is used. For a small portion of the portfolio, energy labels do not exist - for monuments, for example - or no match could be made due to data quality issues like differences in suffix notation in addresses. For this small portion<sup>1</sup>, the same composition of energy labels is assumed as for the rest of the mortgage portfolio. The resulting division of energy labels in our portfolio is shown in figure 2.

### Mortgage portfolio by energy label (%)

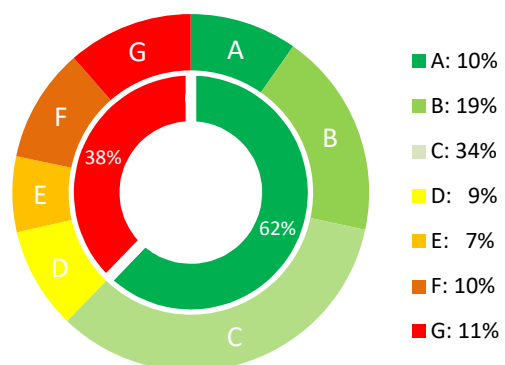


Figure 2. Composition of mortgage portfolio by energy label(%)

<sup>1</sup> About 3% of the portfolio.

## PCAF methodology

The carbon emissions from our mortgage portfolio are calculated by using the methodology provided by the Platform for Carbon Accounting Financials (PCAF). PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. This harmonized accounting approach provides financial institutions with a solid basis for setting science-based targets and aligning their portfolio with the Paris Climate Agreement. PCAF enables transparency and accountability and has developed an open-source, global carbon accounting standard for financial institutions. The PCAF methodology provides standardized guidelines for calculating the carbon footprint of financial assets such as mortgages.

### Attribution

Because financial institutions are usually the sole provider of a mortgage, the PCAF methodology attributes the entire GHG emission of a building (arising from the consumption of energy sources such as natural gas and electricity) to the mortgage provider.

### Data collection

Data availability on energy consumption in buildings has improved considerably thanks to policy regulations that apply to the built environment (like EPC norms and energy labels). In the Netherlands the available data are usually averaged over a number of households in the same category to anonymize the data. Various sources are available: allocation of energy consumption by energy label, type of household/sector, and type of property. By applying such data to a large number of financed properties it is possible to get a reasonable approximation of the CO<sub>2</sub>e emissions. PCAF proposes the following data hierarchy, based on the available types of data source:

Data quality (highest to lowest)	Description
1.	Actual energy consumption from a grid operator, converted to CO <sub>2</sub> e emissions using verified emission factors specific to the type of energy consumed.
2.	Actual energy consumption from a grid operator, converted to CO <sub>2</sub> e emissions using grid emission factors for energy from undefined fuel source.
3.	Average energy consumption per postal code regions, converted to CO <sub>2</sub> e emissions using grid emission factors for energy from undefined fuel source.
4.	Average energy consumption sector and/or energy label specific, converted to CO <sub>2</sub> e emissions using general grid emission factors.

Table 1. General data quality scoring

We use the average energy consumption sector per energy label to calculate the emissions attributed to our mortgage portfolio.

### Average energy consumption & grid emission factors

The average energy consumption per energy label in the Netherlands was researched and published by the *Rijksoverheid* (Government of the Netherlands) in a report entitled '*Cijfers over wonen en bouwen in 2013*'.

The gas and electricity consumed at household level can be converted into CO<sub>2</sub>e emissions using grid emission factors. The Dutch website [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl) provides a list of widely accepted and uniform grid emission factors. PCAF has chosen to use the grid emission factor relating to direct emissions as shown in the column "TTW value" on [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl). If the origin of the consumed electricity is unknown, the emission factor for electricity from undefined energy sources should be used. The factor for electricity is updated regularly to reflect changes in the Dutch electricity mix.

The measurements taken in 2019 resulted in the following emission factors: 0.361 kg CO<sub>2</sub>/kWh for electricity and 1.791 kg CO<sub>2</sub>/m<sup>3</sup> for natural gas. By multiplying the emission factors with the average gas and electricity consumption, the total CO<sub>2</sub>e emissions per household can be calculated. The following formula is used to calculate the absolute GHG emission:

$$\text{kg CO}_2\text{e Energy Label } X = (\text{gas consumption} * \text{emission factor gas}) + (\text{electricity consumption} * \text{emission factor electricity})$$

# Carbon emissions attributed to our mortgage portfolio

## Absolute emissions

The absolute portfolio emissions are calculated by multiplying the number of houses per energy label with the average CO2e per energy label. This information can be further specified and translated into relative emissions.

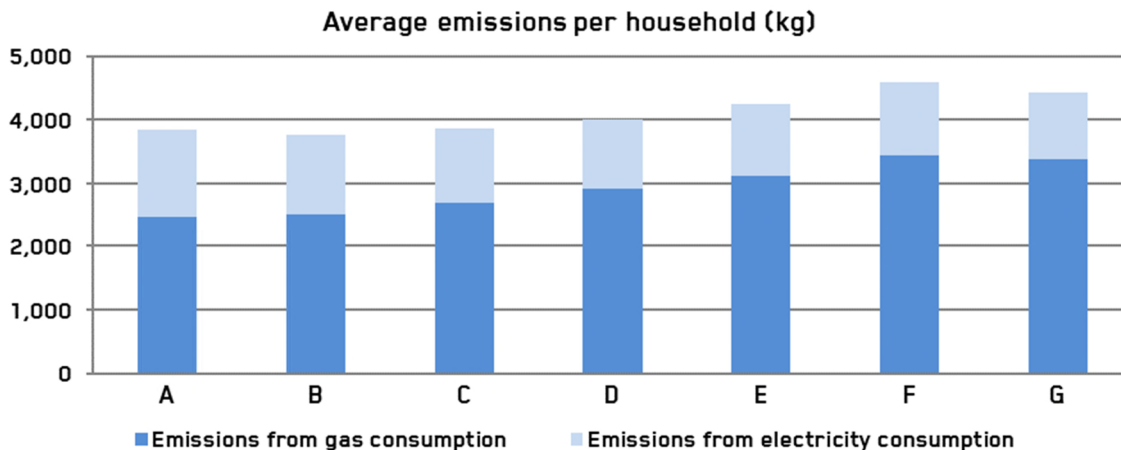


Figure 3. Average yearly emissions per household in kg CO2e

All outstanding private residential mortgages in our portfolio fall within the scope of this report with the exception of bridging loans and the Acier portfolio. We account for the Scope 1 and Scope 2 emissions of each property (i.e. the natural gas used to heat the house and the electricity purchased by the owner/user of the house = the total energy consumption of the home). In line with PCAF accounting methods, the Scope 1 and 2 emissions associated with a residential mortgage are attributed in full to Achmea Bank. In 2019 this amounted to a total of 290.9 ktonne CO2e.

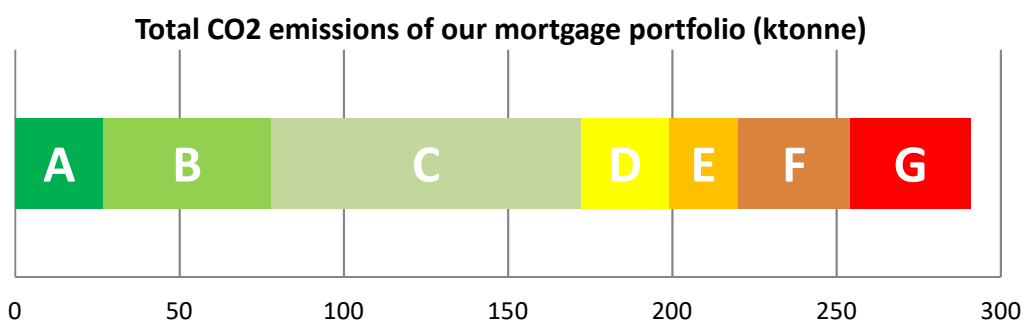


Figure 4. Total emissions of our mortgage portfolio in ktonne CO2e in 2019

## Relative emissions

To reflect the emissions of our portfolio more comparatively, relative emissions (or carbon intensity) have been calculated. Unlike absolute emissions, the carbon intensity also reflects changes in the size and value of outstanding loans in our portfolio. The following formula was used to calculate the carbon intensity:

$$\text{Carbon intensity} = \frac{\text{Attributed emissions in ktonne CO2e}}{\text{Total outstanding loans in billion EUR}}$$

In 2019 this amounted to a carbon intensity of 25.7 ktonne CO2e/bn. EUR.

<p><b>Total outstanding loans</b> (bn. EUR)</p> <p><b>€ 11.3</b></p>	<p><b>Attributed emissions</b> (ktonne CO2e)</p> <p><b>290.9</b></p>	<p><b>Carbon intensity</b> (ktonne CO2e/bn.EUR)</p> <p><b>25.7</b></p>
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## Encouraging and informing customers

We believe we can make a positive impact by helping our new and existing customers to make their homes more energy efficient. Customers are informed about the various options through the Achmea brands Woonfonds and Centraal Beheer. Our broad-based risk policy offers our mortgage customers the opportunity to finance these measures.

## Facilitating customers through new propositions

In 2019 Centraal Beheer launched a new proposition to encourage customers to apply energy efficiency measures. Besides giving homeowners an immediate overview of specific measures via an online home scan, the proposition also helps them with the actual execution of the measures, such as installing solar panels or improving insulation. Centraal Beheer is working on other new propositions and exploring new ways to motivate customers to take such measures.

## Sources

The following sources were used for this report.

Source	Internet address
PCAF	<a href="http://www.carbonaccountingfinancials.com">www.carbonaccountingfinancials.com</a>
Rijksoverheid	<a href="http://www.rijksoverheid.nl/documenten/rapporten/2013/04/11/cijfers-over-wonen-en-bouwen-2013">www.rijksoverheid.nl/documenten/rapporten/2013/04/11/cijfers-over-wonen-en-bouwen-2013</a>
RVO	<a href="http://www.rvo.nl/onderwerpen/duurzaam-ondernemen/gebouwen/wetten-en-regels/bestaande-bouw/energielabel-woningen">www.rvo.nl/onderwerpen/duurzaam-ondernemen/gebouwen/wetten-en-regels/bestaande-bouw/energielabel-woningen</a>
Emissions factors	<a href="http://www.co2emissiefactoren.nl/">www.co2emissiefactoren.nl/</a>

## Colophon

This is the English version of our GHG report which can be downloaded from our website [achmeabank.com](http://achmeabank.com). There is no Dutch version of the report. We will be glad to receive your feedback about this annual report which can be sent to the address below.

### About Achmea Bank

Achmea Bank is part of Achmea and provides mortgages and savings products to the retail market in the Netherlands via the Centraal Beheer and Woonfonds brands. Achmea Bank is licensed to provide financial services under the Financial Supervision Act (Wft). Achmea Bank has a lending portfolio of approximately €12.1 billion and manages savings of approximately €7.2 billion. Achmea Bank is located in Tilburg.

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