

# SFDR Periodic disclosure

Product name: Nederlands Hypotheken Fonds 1908

Legal entity identifier: 724500RYTYWPEYENZO51

## Environmental and/or social characteristics

**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.

**Does this financial product have a sustainable investment objective?**

**Yes**

  **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: %</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## **To what extent were the environmental and/or social characteristics promoted by this financial product met?**

The Fund invests in mortgage receivables through its label MUNT Hypotheken (MUNT), whereby the environmental and social characteristics related to climate change mitigation and adaptation, affordable housing and adequate living standards are applied in the underwriting and lending process. The environmental and social characteristics related to the investment in mortgage receivables are identified in the Manager's ESG Policies, and relate to climate change mitigation and adaptation, affordable housing and adequate living standards.

The environmental and social characteristics promoted by the Fund have been met as follows:

### Climate change mitigation and adaptation

On behalf of the Manager, MUNT encourages its borrowers to make their property more sustainable by offering mortgage financing for Energy Saving Measures ("ESM") to existing and new MUNT mortgage borrowers. MUNT offers its borrowers the possibility to co-finance the cost of ESM up to of the 106% Loan-to-Value ("LTV") and to exclude these costs from the calculation of the financing burden (up to a maximum of €20,000 depending on the Energy Performance Certificate ("EPC") of the property).

In 2024 the percentage of MUNT borrowers that have taken up ESM financing has increased from 13.1% to 14.1%. This demonstrates the Manager's efforts to making a positive contribution on sustainability.

MUNT has encouraged its borrowers to take advantage of these financing opportunities by introducing a simplified and automated application process and by promoting them through several marketing campaigns.

Existing borrowers can use the Energy Savings Budget ("ESB"). Borrowers can apply for the ESB via the online borrower portal 'Mijn Hypotheek Online' ("MHO"). The documentation required is limited and consists mainly of a check that the borrower's income has not deteriorated significantly since their original mortgage application. Most importantly, whenever MHO is used to apply for ESB there are no advisory, valuation, or notary fees. These costs can amount to €3,000 or more, which would make a mortgage increase financially unattractive for ESM.

### Affordable housing and adequate living standards

The Manager, through its MUNT Hypotheken label, strives for responsible mortgage lending to ensure the continued affordability of the mortgages it originates. MUNT's mortgage underwriting criteria reflect a duty of care to borrowers and are designed to prevent over-crediting.

MUNT actively targets borrowers who may encounter future payment problems, for example in the case of interest-only mortgages. In situations where a borrower faces difficulty meeting their obligations, MUNT will take special care to safeguard the borrower's interests.

## ***How did the sustainability indicators perform?***

The Manager uses the following indicators to monitor whether the required environmental and social characteristics relating to climate change mitigation and adaptation, affordable housing and adequate living standards are applied to its investments in mortgage receivables:

- i) The first environmental indicator identifies those mortgage receivables where the underlying property has an energy performance in line with an EPC of class A or higher, or the mortgage

- receivables whereby the underlying property has an energy performance in line with an EPC of class A or higher.
- ii) The second environmental indicator identifies those mortgage receivables where the underlying property has achieved an energy efficiency improvement of at least two EPC classes and a minimum EPC of class D.
  - iii) The social impact indicator identifies the mortgage receivables where mortgages more than one month in arrears have been fully cured and remain so to date. This indicator is derived as the percentage of the loans that have been in arrears for over one month, rather than as a percentage of the entire mortgage portfolio.

On the 31st of December 2024, the following values of the sustainability indicators are applicable for the Fund:

- Environmental indicator 1: 27.15%
- Environmental indicator 2: 7.24%
- Social indicator: 55.56%

● ***And compared to previous periods?***

On the 31st of December 2023, the following values of the sustainability indicators are applicable for the Fund:

- Environmental indicator 1: 25.71%
- Environmental indicator 2: 8.22%
- Social indicator: 80.00%

***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

DMFCO has set a specific minimum target of 15 percent for sustainable investments. This target applies to all DMFCO Funds and demonstrates DMFCO's commitment to fostering positive environmental outcomes across its portfolio. Details of this commitment, DMFCO's definition of sustainable investments and the target are documented in DMFCO's Sustainable Risk Framework, which is reviewed annually to reflect current legislation and regulations and the sustainability level of the investments. DMFCO actively reports to its investors and other stakeholders on the share of sustainable investments in its mortgage portfolio.

DMFCO distinguishes three objectives in its sustainable investments:

- i) Gain insight into the number of sustainable investments in order to take targeted action to improve the level of sustainability of the underlying properties of the mortgages, that are not qualified as sustainable investments,
- ii) Actively contribute to improving the sustainability profile of the underlying properties financed by DMFCO, by facilitating the financing of energy saving measures in an accessible manner, thereby preserving the property value, and
- iii) Improve the level of sustainability of DMFCO-financed housing, thereby contributing to the overall sustainability of the Dutch housing market.

Please refer to the previous sustainability indicators for DMFCO's contribution to these objectives in 2024.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

DMFCO assesses whether an investment qualifies as sustainable by ensuring that it does not cause significant harm to other environmental and social sustainable investment objectives. DMFCO reviews whether an investment in residential mortgage loans aligns with the Do No Significant Harm (“DNSH”) principle by determining relevant metrics and thresholds acceptable to DMFCO. Please refer to DMFCO’s Sustainable Risk Framework for the full DNSH analysis. Based on this analysis, DMFCO has determined that its definition of sustainable investment is well aligned with the DNSH principle. The sustainable investments do not cause significant harm to any other environmental or social sustainable investment objective.

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

We systematically consider Principal Adverse Impact (“PAI”) metrics in our investment process and ESG policies to identify and mitigate risks to sustainability. Key indicators, including greenhouse gas emissions, are integrated into our monitoring and decision-making frameworks. Using standardized data sources and inhouse developed data models, we track performance and ensure alignment with regulatory requirements, our sustainability ambitions and our sustainable investment target.

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

DMFCO’s sustainable investment approach aligns with the OECD Guidelines and UN Guiding Principles. We ensure fair and inclusive lending practices, have internal rules in place to set standards for responsible business conduct and actively engage with stakeholders to promote responsible housing practices. As DMFCO works mainly with Dutch parties and otherwise with parties within the European Union, the risk of human rights violations or undesirable business behaviour is usually low. However, we assess all compliance risks on new investors or third parties, to ensure that we are involved in responsible business relationships.



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

*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 Union criteria.*

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

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

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2024.

The Fund considers principal adverse impacts on sustainability factors. The Manager’s Sustainability Risk Framework formulates sustainability criteria against which the investments of the funds managed by the Manager are assessed in terms of (among other things) energy efficiency.

There are differences in the energy efficiency of the underlying properties of the mortgage receivables. The Manager is transparent with investors about the energy efficiency of the properties and encourages borrowers to improve the energy efficiency of their property by offering financing opportunities for energy-saving measures.

When investing in mortgage receivables through its label MUNT Hypotheken, the Manager does not exclude mortgage receivables with a lower EPC. These investments may have a negative impact on sustainability. However, the Manager believes that by actively engaging with its borrowers, MUNT encourages them to make their property more sustainable. For example, by offering to finance the cost of energy-saving measures on favourable terms, thereby contributing to the overall sustainability of the Dutch housing stock.

When issuing mortgages, there is a risk that the mortgage product does not sufficiently match the profile and needs of the consumer. MUNT has a legal obligation to actively prevent this risk and to ensure the continued affordability of the originated mortgages to the best of its ability. For example, MUNT’s underwriting criteria for mortgages meet its duty of care to borrowers and are designed to prevent over-crediting. MUNT actively approaches borrowers who are likely to experience payment problems in the future. In situations where a borrower is having difficulty meeting his payment obligations, MUNT takes special care to consider and protect the interests of the borrower.

The Manager will periodically describe the sustainability actions taken during the most recent reference period and their impact on preventing and mitigating significant negative impacts on sustainability. Relevant information on material adverse impacts on sustainability factors is disclosed in the Manager’s PAI statement.



**What were the top investments of this financial product?**

<i><b>Largest investments</b></i>	<i><b>Sector</b></i>	<i><b>% Assets</b></i>	<i><b>Country</b></i>
<i>Residential mortgages</i>	Mortgages	97%	Netherlands
<i>Cash</i>	Cash	3%	Netherlands



## What was the proportion of sustainability-related investments?

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

### ● *What was the asset allocation?*

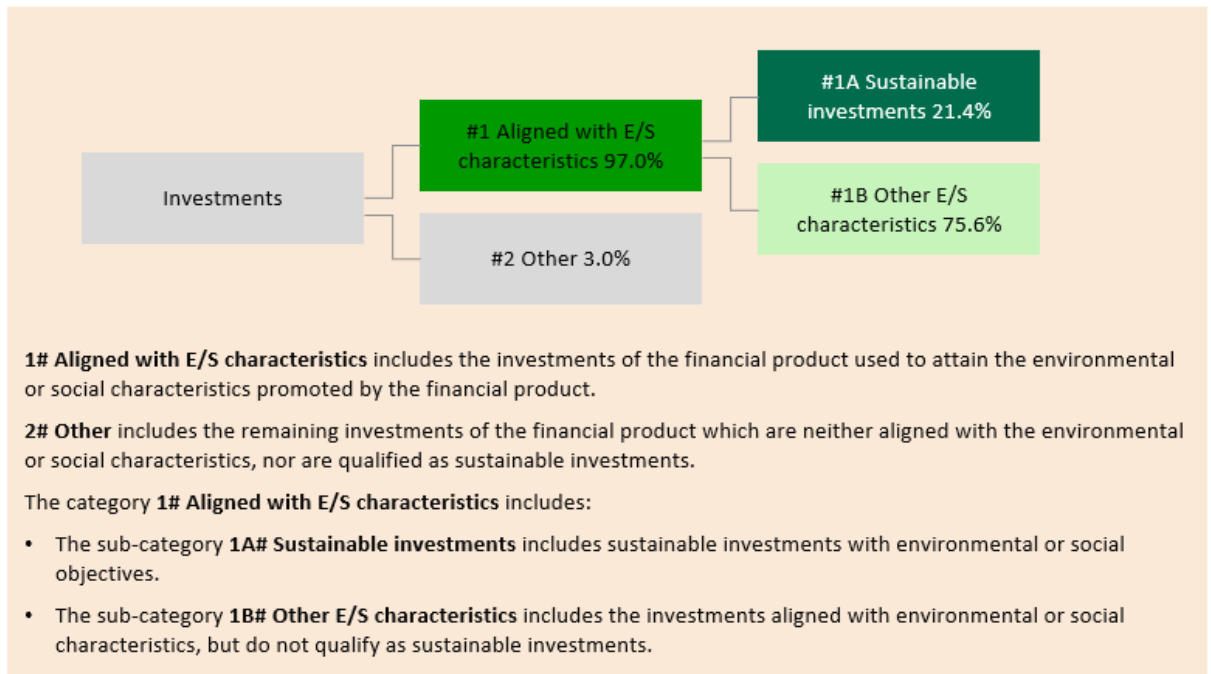
The manager has invested 97% of the portfolio in mortgage receivables that promote the environmental and/or social characteristics in a manner as described above. A minor portion of the portfolio, 3%, is invested in ancillary assets that are not aligned with environmental and/or social characteristics, for example, cash and cash like instruments.

### ● *In which economic sectors were the investments made?*

The fund only invests in Dutch residential mortgages.

**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.

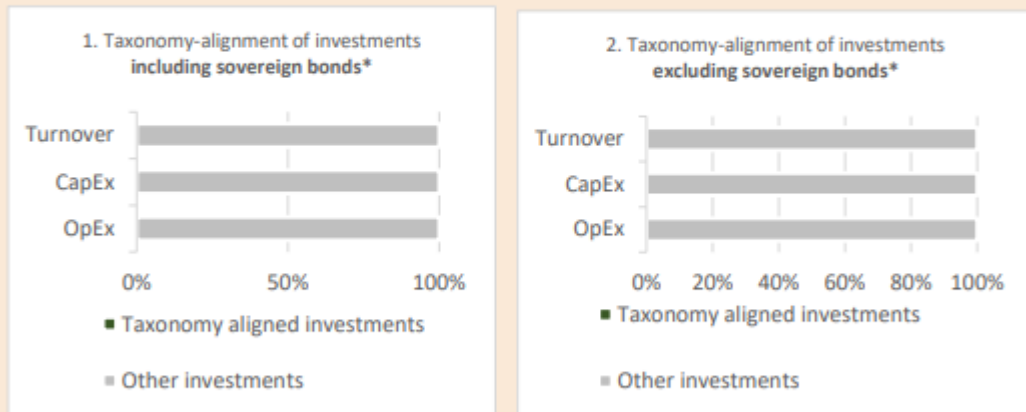




## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

This does not apply, as the Fund currently does not make any investments that are aligned with the EU Taxonomy.

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?**

- Not applicable.

**How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

- Not applicable.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Sustainable investments in the Fund with an environmental objective not aligned with the EU Taxonomy accounted for 21.4%, significantly exceeding the minimum target of 15% for sustainable investments in the Fund.



### **What was the share of socially sustainable investments?**

The EU legislation does not enforce technical criteria for social objectives with regards to economic activities relevant to mortgage financing. Given the absence of these criteria and the limited measurability of such social contributions, DMFCO presently does not classify its Funds based on their substantial contribution to social objectives. However, the company does take social aspects into account in its operations.

DMFCO's vision for social sustainability involves making deliberate choices to support borrowers. As such, DMFCO recognises the importance of responsibly financing homes to secure that Dutch mortgage holders maintain a sound financial footing. This commitment extends to ensuring fair and transparent terms for the DMFCO mortgage product, thereby contributing to a more trustworthy financial sector that prioritizes the interests and well-being of borrowers.

Furthermore, DMFCO commits to upholding borrower interests in the face of challenges or life events such as redundancy, illness, divorce or bereavement. In such cases, DMFCO has set the goal of preventing payment issues and foreclosures by offering borrowers all feasible help and assistance. For this purpose, an in-house special servicing department has been established.



### **What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

The Fund is allowed to invest only in mortgages receivables. The Fund may hold cash with the purpose of efficient portfolio management, according to the disclosures made in its prospectus. These other investments are not subject to any environmental or social safeguards.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

DMFCO has taken several steps and new initiatives on environmental and social features. The main actions are:

- DMFCO has classified its mortgage funds as Article 8 under the SFDR guidelines, with a minimum sustainable investment target of 15% per fund. This designation is informally referred to as 'Article 8+'. By establishing a minimum threshold for sustainable investments per fund, DMFCO demonstrates its commitment to further enhancing the sustainability of its portfolio.
- To further activate our borrowers to make their homes more sustainable, MUNT has entered into a partnership with HomeWizard. HomeWizard's products offer a technological solution (P1-meter) that provides insight into a household's energy and water consumption. On this basis, borrowers gain direct insight into their consumption and can take measures to reduce it. DMFCO offers these products to its borrowers at an attractive discount.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

- MUNT has also continued to offer ESM financing to its borrowers. The simplified and automated application process for the Energy Savings Budget for existing borrowers was further improved and extended. Borrowers with lower EPCs can now borrow €20,000 through this process. Additionally, the introduction of a knowledge and experience test allows borrowers who have held a MUNT mortgage for more than five years to also qualify for an ESB. At the end of 2024, MUNT had €252.4 million in energy saving depots outstanding compared to €202.6 million by the end of 2023. Energy savings can be financed through a specific depot, but also through a standard construction depot. ESM financing through standard construction depots is not recorded. The total amount of energy measures financed is therefore expected to be equal to or higher than the aforementioned amounts.
- As part of our social policy, we have introduced the Mortgage Affordability Check (available through online borrower portal MHO). The Mortgage Affordability Check provides borrowers with an insight into the long-term affordability of their mortgage. The tool allows them to make their own calculations about the future affordability of their mortgage in a simple and intuitive way. After completing the check, borrowers have the opportunity to make immediate changes to their mortgage, such as making additional repayments or changing the term of the interest rate. If desired, the tool can also be completed with an advisor. If the calculation in this tool indicates that the affordability of the mortgage is at risk, the borrower is advised to contact their mortgage adviser for appropriate advice.