



Asset Management

ESG report 2023

Contributing to a sustainable and liveable world



Preface

ESG (Environmental, Social, Governance) is an integral part of our business. For us, this means that we have policies that take into account the environment, society and good governance. This applies to both the activities of DMFCO Asset Management and the mortgage lending activities of MUNT Hypotheken.

In this ESG report, we elaborate on our ESG ambitions and what we have done over the past year to achieve them. We also briefly look ahead.

Before turning to the report, we first discuss what ESG means for us with Rogier van der Hijden, CEO of DMFCO.

What does ESG mean for DMFCO and MUNT?

“In recent years, ESG has evolved from a purely compliance requirement to one of the most important investment criteria. We consider this as a positive development. Since the inception of DMFCO and MUNT, we have operated according to a stakeholder model. In fact, three of our five core values focus on our stakeholders, with corporate social responsibility deeply embedded in our DNA. We are also deeply concerned about global warming - a compelling reason to be fully committed to our investors and borrowers, as well as to society.”

What is the biggest ESG challenge for DMFCO?

“Translating our ambitions into concrete impact is the biggest ESG challenge we face. For example, we would like to see all of our borrowers take advantage of the various opportunities to make their homes more sustainable and significantly reduce their CO₂ emissions.



In addition, the increased focus on ESG has led to a wave of laws and regulations and a variety of certifications. We hope that these developments will ultimately drive the sustainable development of our society."

How is ESG made concrete?

"Our *environmental* goal is to reduce CO₂ emissions from both our organisation and the houses we finance.

Starting with the most straightforward challenge; control the CO₂ emissions from our organisation. Our goal is to reduce these CO₂ emissions to zero by 2030, mainly from energy use in our office. Last year, we carried out an analysis to determine which measures could effectively reduce our emissions. We are currently (spring 2024) looking for a contractor to implement these measures. In addition, we continue to encourage our staff to use the train as much as possible, we have a bicycle plan and we are taking steps such as electrifying our vehicle fleet.

More challenging is our target to reduce CO₂ emissions from the houses we finance to zero. Achieving this will require significant financial resources, further technological innovation and complex implementation. The challenge is complicated because we do not directly control these properties as we are not the homeowners. In recent years, we have therefore focused on a three-stage approach:

1. we provide our borrowers with information on the benefits of making their houses more sustainable and encourage them to take action;
2. we then provide borrowers with the tools to actually implement these measures;
3. we make the financing and implementation of sustainability measures as accessible as possible.

This approach has worked well. However, progress is not as rapid as we would like. Currently, we therefore encourage borrowers to reduce their energy use by increasing their awareness of their consumption."

Is it only about the 'E'?

"We see global warming as one of the most pressing societal challenges. But we also recognise the importance of addressing *social* ('S') and *governance* ('G') issues.

The good news is that we are on the right track here too. For example, we offer mortgages that we would recommend to our best friend and MUNT's terms and conditions are fair, transparent and understandable. If borrowers are in a difficult situation, we take extra steps to help them. In terms of governance, our guiding principle is to inform our investors transparently about (the risks of) their investment. We also aim to give them as much control over their investment as possible.

We are dedicated to the environment, social responsibility and good corporate governance, and are constantly looking for ways to take the next step. In this way, we take care of our society and our stakeholders, and we do our best to make a positive contribution to climate change."



Curious about our ESG activities last year? Then read on. Do you have any suggestions or ideas on ESG? Please let us know!

Rogier van der Hijden

CEO of DMFCO
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ESG ambitions



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ESG ambitions

We are strongly committed to the environment and society. As a result, our ESG policy includes **seven ESG ambitions** that align with our **five DMFCO business ambitions**. Below we explore and explain how these ambitions connect and support each other.

1. The best Dutch mortgage lender

ESG ambition A

Driving change in the field of sustainability

We want to do all we can to help our borrowers make their homes more sustainable. For example, We provide our borrowers with information on how to make their homes more sustainable and encourage them to take energy-saving measures. Ultimately, this should lead to a carbon neutral mortgage portfolio by 2050, in line with the commitments of the Paris Climate Agreement. We remain fully committed to this goal. However, given the significant social implications of this transition, we believe that achieving this goal will only be financially and technically realistic if there is active and directive support from the government, alongside continued technological innovation.

2. More than happy institutional investors

ESG ambition B

Transparent communication and good corporate governance

Our investors are committed to us for the long term, so a good relationship with them is essential. Good governance is based on transparent and open communication about our policies, performance and various organisational developments. We also help improve our investors' understanding of ESG issues through our ESG reporting, discussions on climate risk and explanations of models and methodologies we use.



We also value face-to-face interaction with our investors. In addition to regular meetings, we aim to have a face-to-face meeting with each investor at least once a year. We also provide our investors with as much flexibility as possible in managing their portfolios, for example by allowing them to increase, decrease or pause investments as and when required.

3. Fair and transparent products for borrowers

MUNT Hypotheken offers a fair and transparent mortgage that is suitable for the majority of homeowners. Given the fact that obtaining a mortgage is often the most important financial decision in a household life, we avoid complicating the process with exceptions. We focus on providing a simple, reliable mortgage. We developed a social policy based on the principle that we treat our borrowers as we would like to be treated. If there are questions or complaints, we respond promptly, ensure personal interaction, and work closely together to find the best solution.

ESG ambition C

As many happy borrowers as possible

We are committed to continually improving our service, both during the application process and throughout the servicing phase. We recognise that significant life changes can occur during the term of a mortgage, such as the loss of a job or divorce. In response, we aim to provide our borrowers with comprehensive support at these challenging times.

To improve our service, we continuously measure our borrowers' satisfaction using the Net Promoter Score (NPS) and ask for their feedback on potential improvements. We strive to incorporate these suggestions into our service offering wherever possible.

ESG ambition D

Prevent long-term arrears and avoid foreclosures

MUNT Hypotheken takes a two-step approach in managing arrears. We proactively prevent payment difficulties by keeping our borrowers informed of potential future changes that could affect the affordability of their mortgage.

Despite our preventive measures, some borrowers may still fall into arrears. In that case, we engage with the borrower to resolve the current arrears and prevent future problems. Our dedicated in-house special servicing department takes a fast and personal approach to solving arrears as quickly as possible. In all cases, we aim to keep our borrowers in their houses. Where this is not possible, we seek the best financial solution for all parties.

4. Combining operational efficiency with best practices

We design our processes to maximise efficiency for both borrowers and independent advisors. We work exclusively with best-in-class parties and use proven technologies. In addition, we continuously assess our own performance and aim to be as sustainable as possible.

ESG ambition E

Active dialogue with outsourcing partners on services and ESG

Our responsibility extends beyond our own organisation. Therefore, we also take responsibility for how our outsourcing partners manage their services. This applies not only to the quality and speed of their services, but also to the ESG aspects of their operations.

We ask our outsourcing partners to report on their social policies, CO₂ emissions and future plans to (further) integrate various ESG aspects into their business practices. This is particularly the case for our main outsourcing partners, Stater, which handles our mortgage administration, and Intertrust, which handles our fund administration.

ESG ambition F

Working towards a carbon neutral organisation

In addition to our goal of achieving a carbon neutral mortgage portfolio by 2050, we are committed to having our business operate in line with the highest standards of sustainability. We aim to be carbon neutral by 2030 and closely monitor our CO₂ emissions to ensure we are making progress. Each year we take steps to improve our sustainability practices, from reducing waste and using greener products to improving the environmental footprint of our office. We also focus on improving biodiversity around our office, extending our sustainability efforts beyond achieving carbon neutrality.

5. Great to work for and with

ESG ambition G

A stimulating working environment for all employees

We believe that the success of the organisation is the shared responsibility of all employees. We aim to create a stimulating and safe workplace where everyone can be themselves, feel comfortable and leave work satisfied. We also provide a diverse working environment that focuses on the development of our people.


Our philosophy is that people are most motivated when they have a clear, shared purpose, the freedom to contribute in their own way and the opportunity to develop their skills or expertise. We regularly monitor employee satisfaction and act on suggestions for improvement.



Milestones in recent years

We like to look ahead and are committed to achieve our ambitions. At the same time, we have been integrating ESG factors into our policies and decisions for several years and already achieved a number of ESG milestones, some of which are listed below:

- 2023: Collaboration with ‘De Energiebespaarders’.
- 2022: Implementation of the Mortgage Affordability Check and rollout of active customer management.
- 2021: Expanded ESG reporting to include an overview of flood and climate risk in portfolios (in line with the IORP Directive).
- 2020: Made a commitment to IMVB as part of our Corporate Social Responsible Investing (CSRI) policy.
- 2019: Reducing the use of paper by digital communication with borrowers via our online portal ‘MijnHypotheekOnline’.
- 2019: Introduced ESG reporting for investors, providing insights into the environmental and social nature of our portfolio.
- 2018: Updated our Corporate Social Responsibility policy to include explicit ESG policy points and support for specific Sustainable Development Goals (SDGs).


- 2018: Enabled the financing for Energy Saving Measures (ESM).
- 2018: MUNT starts performing special servicing in-house.

- 2017: DMFCO became a member of the UN Principles for Responsible Investment.



- 2016: Launch platform for financial advisors and borrowers; www.kop-munt.nl.
- 2014: Founding of DMFCO and MUNT.



Actions and results 2023

Below, we describe the actions we have taken and the results we have achieved for each ESG ambition in 2023.

ESG ambition A:

Driving change in the field of sustainability

Activate advisors to discuss sustainability measures with borrowers

We encourage mortgage advisors to discuss the sustainability of houses during their consultations. We regularly inform them about the importance of sustainability to borrowers and ask for their input on how we can improve our products in this area. For example, we now accept timber houses and those with bio-based insulation under certain conditions.

We also provide mortgage advisors with ongoing updates on sustainability and other relevant mortgage issues through our online platform, www.kop-munt.nl.

Actively inform borrowers about (the benefits of) energy saving measures

We encourage our borrowers to make their homes more sustainable, both when they take out their mortgage and during the mortgage. For example, we actively communicate with borrowers about sustainability and the opportunity to finance Energy Saving Measures (ESM) through their mortgage or with the Energy Saving Budget (ESB). Last year, we contacted our existing borrowers twice with sustainability updates: once in the year-end digital newsletter and again in the appendix to the 2023 digital annual statement. These updates highlighted the process of applying for the ESB online, the benefits of sustainability improvements and our new partnership with 'De Energiebespaarders'.



Last year, we commissioned research into sustainability communication in order to optimise our communication with our borrowers. This gave us valuable insight into the different forms of communication and their effectiveness.

Partnership with 'De Energiebespaarders' for advice on sustainability

Improving the sustainability of the existing housing stock is an important part of achieving the necessary CO₂ reductions. To support this, we have partnered with 'De Energiebespaarders', an online platform where homeowners can obtain: I) tailored, independent advice that gives borrowers immediate insight into sustainability options, II) coordination of installations by recognised and certified installers, and III) assistance with subsidy applications. Through this partnership, all MUNT borrowers will receive free sustainability advice worth €189.

Lower barriers to finance energy saving measures

We can exclude up to €9,000 from the affordability test if proceeds are spent on energy saving measures. If a borrower achieves an energy-neutral house, the affordability test of such mortgage may even disregard a notional amount up to €25,000 respectively.

Borrowers can apply for the Energy Saving Budget (ESB) via our online portal. To further reduce the barriers to this process, we have introduced a more efficient procedure, which also allows existing borrowers to avoid consultancy, notary and valuation fees under certain conditions.

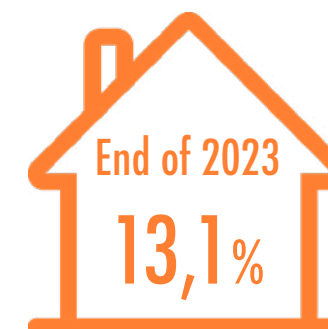
Result: 6.5% reduction in CO₂ emissions in the mortgage portfolio

By actively and consistently informing our borrowers about (the benefits of) sustainability and removing financial barriers, we have achieved a 6.5% reduction in CO₂ emissions across our portfolio from the beginning of 2019 to the end of 2023 (see the calculation methodology in the last chapter of this report).

The reduction in CO₂ emissions is the result of all the energy-saving measures financed by a MUNT mortgage. At the end of 2023, 13.1% of our portfolio included mortgages financed with energy-saving measures or an energy-saving budget, for a total of more than EUR 203 million allocated to energy-saving initiatives. Also almost a thousand borrowers sought advice on sustainability from 'De Energiebespaarders'.

It's however important to note that 87% of homeowners finance their own sustainability improvements (source: AFM). As these privately financed improvements are not included in our calculations, our figures represent a conservative estimate. As a result, the actual reduction in CO₂ emissions from our mortgage portfolio is likely to be greater than reported.

2023 | Energy Saving Measures (ESM)



... of portfolio consists of mortgages with ESM



... used or reserved for ESM

ESG ambition B:

Transparent communication and good corporate governance

Maintain active dialogue with investors on improving (ESG) services

Throughout the year, we actively engaged with our investors on a wide range of topics, including developments in their portfolios, market trends and potential improvements to our services. To maintain the personal and open nature of our relationship with investors, we hold regular meetings (at least five times a year) and also arrange at least one face-to-face meeting each year.

Actively involve investors in our ESG policy and the implementation

ESG is an important issue for our investors. We therefore held several meetings with all our investors during the year. In addition to the monthly ESG report, these discussions also cover relevant ESG developments, such as publications on climate risks and new models and methodologies for estimating portfolio CO₂ emissions. These discussions are crucial in shaping our ESG policy in line with the wishes of our investors and deepening our understanding of these topics. Finally, insights from these discussions are reported to our ESG working group, which is responsible for translating these insights into concrete actions.

Embed ESG in the organisation

In 2023, we expanded our ESG working group to streamline and enhance our ESG initiatives. This group includes a wide range of employees, both DMFCO and MUNT and including senior management, ensuring a fast and transparent decision-making process which is widely supported.

We also keep all employees up to date on key ESG developments. For example, employees from various departments attend a Sustainable Finance Disclosure Regulation (SFDR) awareness course. We regularly communicate insights into the SFDR and other relevant European regulations throughout the organisation in an accessible manner, for example through lunchtime presentations or strategy sessions.

Result: Improved (ESG) services to our investors

Following discussions with our investors, we have already implemented several improvements to our services.

The most significant improvement last year was the development of a standard process for portfolio transactions to improve liquidity on our platform. Our standardised process, with clearly defined steps and the necessary legal documentation, has enabled us to complete four transactions efficiently.

We also provided our investors with further insight into ESG issues, such as climate risk. In addition to including ESG as a recurring topic in our regular quarterly meetings, we also produced a complementary white paper on '[sustainability](#)'. This white paper provides an update on the state of the Dutch housing market, government initiatives and key developments for the future.

In 2023, we also published our first ESG annual report to give our investors a comprehensive insight into ESG developments at DMFCO.

ESG ambition C:
As many happy borrowers as possible

Research to improve service

We aim to provide the best possible service to our borrowers, taking a personalised and socially responsible approach. We believe it is important to offer mortgages that are fair, clearly defined and competitively priced to meet our borrowers' needs. This ensures that our mortgages are accessible to all borrowers. Now and in the future.

To maintain and improve the quality of our services, we regularly seek feedback from our borrowers on their experiences and areas for improvement. This feedback is gathered from new borrowers who have recently taken out a mortgage and from those who have interacted with, for instance, our special servicing department or bereavement desk. We ask our borrowers to rate the likelihood that they would recommend MUNT Hypotheken to friends, family or colleagues. We then calculate the corresponding Net Promoter Score (NPS) by subtracting the percentage of 'detractors' (scores of 6 and below) from the percentage of 'promoters' (scores of 9 and above), with scores of 7 and 8 considered neutral.

Result: Happy borrowers

By maintaining our current level of service and enhancing active borrowers care, we aim to provide the best possible services to our borrowers. To ensure that our services meet high standards, we continually seek feedback from our borrowers on how we can improve.

In 2023, nearly 4,000 borrowers responded to our borrowers satisfaction survey, giving us an average score of 8.7. Borrowers who took out a mortgage with us gave us an average score of 8.6 (NPS +56). Those who interacted with our special servicing department in 2023 gave us an average score of 8.8 (NPS +62) and borrowers who had interaction with the bereavement desk rated us 8.6, with an NPS of +62.

As a result of actively seeking feedback for improvement, we have implemented a number of enhancements over the past year. These include accepting 'IBL' (*inkomensbepaling loondienst*) and simplifying the relocation process. Also, various process improvements are introduced (such as a bereavement view for surviving partners and integrations with iDIN and e-advisor) and textual clarifications on the online portal such as detailing the options available through 'De Energiebespaarders'.

2023 | Happy borrowers

How likely are you to recommend MUNT Hypotheken to friends, family, or colleagues? (scores 1 to 10)



New borrowers



Special Servicing Department



Bereavement Desk

ESG ambition D:
Prevent long-term arrears and avoid foreclosures

Offer help and quick follow-up for (problematic) payment arrears

We handle the special servicing of mortgages in-house, putting the borrower first to ensure that the process is supportive rather than obstructive. This personalised approach is essential, especially during unexpected challenges in life such as unemployment, divorce or the death of a partner.

When arrears occur, we respond quickly. First, borrowers receive an email informing them of their arrears and providing a simple method for them to contact us immediately. If there is no response to the email, we follow up with a phone call to the borrower. During this conversation, we assess any ongoing challenges and discuss the need for additional (financial) support. If necessary, we can provide support through a budget or job coach.

Through this personalised approach, we have consistently found sustainable solutions with our borrowers over the past year. Only in a few cases we have considered the voluntary sale of the property.

Active monitoring of borrowers to prevent payment problems

We aim to prevent arrears and foreclosures by offering every form of help and support to borrowers who are (or may soon be) in financial difficulties. Through proactive special servicing, we aim to keep our borrowers well informed of potential future changes that could affect the affordability of their mortgage. Such changes include: i) reaching retirement age within 10 years, ii) the end of the mortgage interest tax deduction within 10 years, iii) the end of the fixed rate period within 5 years, and iv) the end of the economic life of the mortgage within 10 years.

To help our borrowers understand the affordability of their mortgage, we offer the Mortgage Affordability Check. This intuitive online tool provides accessible insights into the long-term affordability of their mortgage. If affordability concerns arise, we proactively engage with the borrower through a variety of channels to help prevent future financial difficulties.

“Solving financial problems in a sustainable and personal way”

“In MUNT’s Special Servicing department, we strive to ensure that all our borrowers are able to live in their homes without stress. I talk to our borrowers on a daily basis to assess where the payment problems are coming from and to identify the best solution. Often a solution can be found quickly. But sometimes the problem requires tailored solutions, such as hiring a budget or job coach. It is always a special moment when a borrower manages to get his (financial) problems under control.”

Ramona Haaring
 Special Servicing Team Lead

Implementation of a new dedicated special servicing system

The introduction of the Case Control software system has further enhanced our special servicing process. This system is updated daily with the latest information from Stater and incorporates process automation to ensure correct procedures are followed.

It also incorporates a number of quality control checks to ensure the integrity of the special servicing process, such as:

- daily verification of the completeness and accuracy of arrears data;
- an automated process for handling all arrears cases; and
- weekly audit sampling of loans in arrears to ensure that each file is complete and that the correct procedures have been followed.

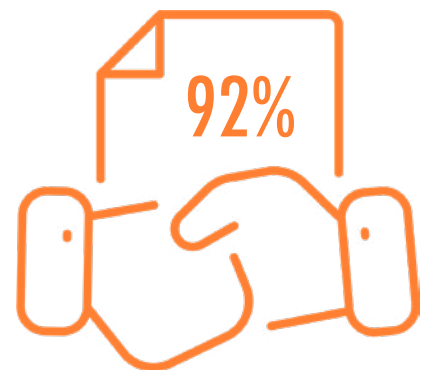
Result: Continued low number of payment arrears and high rate of home retention

As a result of our rapid follow-up on arrears, 92% of all arrears in 2023 was already resolved within the first month. However, financial circumstances sometimes prevent arrears from being resolved quickly, extending the time it takes for borrowers to resolve these issues.

Throughout 2023, there were only 46 (2022: 48) mortgages with arrears of three months or more. Thanks to our proactive approach to managing arrears, we have been able to maintain home ownership for more than 90% of borrowers with long-term arrears (more than three months) since 2014.

In addition, there have only been six foreclosures since 2014 and none in 2023.

2023 | Low level of arrears



... is repaid within the first month



... with arrears of >3 months

ESG ambition E:

Active dialogue with outsourcing partners on services and ESG

Frequent consultation with outsourcing partners on services

Our business model relies heavily on the outsourcing of specific services to professional and trusted partners. All outsourced services adhere to our comprehensive outsourcing policy and are clearly outlined in a detailed list of roles and responsibilities. As our outsourcing partners are an integral part of our organisation and act as an extension of our business, we are strongly committed to improving their service delivery.

We maintain frequent contact with our outsourcing partners at various levels, from operations to management, and from a variety of backgrounds. Daily communication with Stater and weekly discussions with Intertrust ensure that we work together on an ongoing basis to constructively support and, where possible, improve the service we provide to our borrowers and investors.

Encourage outsourcing partners to take action on ESG

Our responsibility extends beyond our own organisation. We actively engage with our outsourcing partners on ESG issues. It is encouraging to see that these partners are also initiating ESG measures independently.

Stater, our outsourcing partner for mortgage servicing, has fully integrated ESG objectives into its business strategy. They are working diligently to monitor and reduce their CO₂ emissions, increase the social engagement of their employees (for example by encouraging volunteering during working hours) and support the personal development of their employees. In addition, Stater assesses the ESG activities of its own clients, including us, and plays a supportive but important role in advancing the sustainability practices of financial institutions.

In addition to Stater, Intertrust, the financial manager and administrator of our mortgage funds, has also incorporated a number of sustainability objectives into its strategy. These include a 'Diversity and Belonging programme', several 'Employee Resource Groups', 'Gives Back volunteering programmes' and an energy-efficient office building in Amsterdam. They have also partnered with South Pole to assess their scope 1, 2 and 3 emissions.

We also see great initiatives from our smaller outsourcing partners. These range from participating in the 'Green Web Foundation' to support the energy transition in the internet sector, to hosting websites on 100% renewable energy through Savvii.

Result: An engaged chain of outsourcing partners

We believe we can have a significant impact through collective and constructive engagement with our outsourcing partners. For example, we have had several discussions with both Stater and Intertrust to explore ESG initiatives and coordinate our collective efforts.



ESG ambition F:

Working towards a carbon neutral organisation

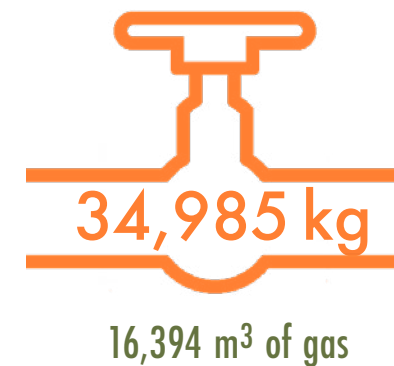
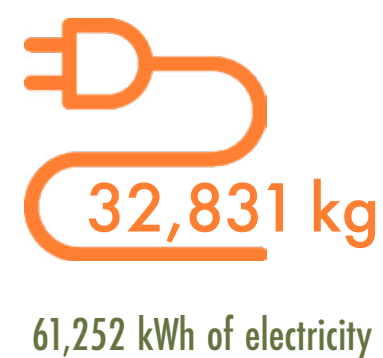
Monitoring CO₂ emissions from the DMFCO office

In 2023, we continued our efforts to monitor and reduce the energy consumption of our office. We also consulted with energy consultants to develop a sustainability plan for our office building. The data shows that in 2023 we consumed 61,252 kWh of electricity and 16,394 m³ of gas, resulting in 67,816 kg of CO₂ emissions, a decrease from 72,751 kg of CO₂ emissions in the previous year (calculation methodology detailed in the last chapter). We are currently focusing on further reducing these CO₂ emissions.

In addition, we purchase wind energy from Dutch wind farms certified by 'Eneco's Hollandse Wind' environmental label. Our energy supplier also participates in WWF Gold Standard certified CO₂ reduction projects.

We are also reviewing our materials and food procurement policies to improve our waste management practices, particularly our recycling processes.

2023 | Carbon emissions DMFCO office

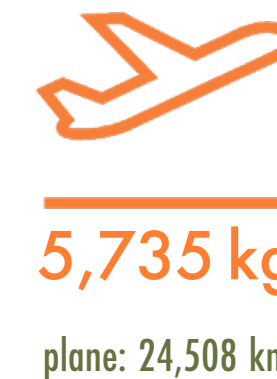
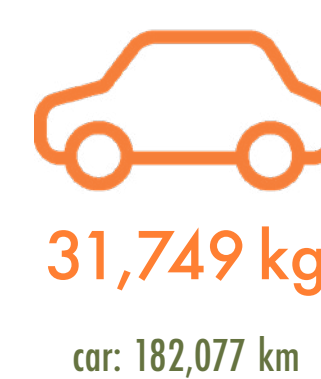


Mapping of (indirect) CO₂ emissions from commuting

As well as monitoring and reducing direct CO₂ emissions, we are also looking at our indirect CO₂ emissions, particularly those caused by commuting. In order to effectively reduce these CO₂ emissions, it is crucial to first identify them accurately. In 2023, we have increased our focus on this area. For example, all commuting is now tracked using declarations and the Mobility Mixx software system. International business trips are documented in a log file.

The close proximity of our office to the train station, the provision of a first-class train pass for all employees, the restriction of the number of parking places at the office, and the bicycle plan introduced in 2022, all contribute to a significant lower level of CO₂ emissions from commuting.

2023 | Carbon emissions DMFCO travelling



Result: Reduced CO₂ emissions by the organisation

In 2023, we continued our efforts to monitor and reduce our (direct) energy consumption. For our office building, additional research was carried out to gain a full understanding of the total energy consumption and potential savings. This led to several recommendations, including the installation of a new air conditioning system, solar panels and additional insulation.

Efforts to monitor commuting and international travel have provided clear insights into the CO₂ emissions associated with these activities.

Reducing our CO₂ emissions is about more than upgrading our office building or monitoring travel. Another critical element is raising employee awareness. We encourage our staff to consider the impact of their actions and to make sustainable choices wherever possible. We have also taken steps to reduce waste (such as replacing cans and coffee pods with sustainable alternatives) and improved waste separation (extended to personal items through IT donations). Twenty-two employees participated in our cycling scheme and we are promoting biodiversity, for example by installing beehives around the office.



ESG ambition G:

A stimulating working environment for all employees

Maintaining a friendly and safe working environment

We are committed to creating a workplace where everyone can be themselves, feel comfortable and leave work feeling fulfilled. We offer fair and competitive salaries and regularly interact with employees about their roles and working environment. In 2023, we have put additional effort into ensuring a safe working environment. For example, we hired an internal HR officer and appointed three new confidentiality officers (two internal and one external). To maintain a pleasant working environment, we continue to organise various social events, including the annual Mystery Trip, a summer sports day and monthly social gatherings.

Encouraging personal development and autonomy

We offer our employees a dynamic working environment where personal development is a priority. Our philosophy is that people are most motivated when there is a clear, shared purpose. They are given the freedom to contribute in their own unique way and are encouraged to develop their skills and expertise.

To support this, we provide each employee with a dedicated budget for professional and personal development. We also offer a standardised training programme for all new employees and those who progress within the organisation. These programmes are designed to enhance both technical and interpersonal skills and to promote team cohesion. Each programme consists of six training sessions spread over an eighteen-month period.

Monitoring and continuously improving employee satisfaction

We have biannual performance reviews with our employees which focus on individual performance, career ambitions and personal development. In addition to these biannual one-to-one meetings, we conduct an annual employee satisfaction survey (MTO). This survey explores business targets, potential areas for improvement within the organisation, management performance and overall employee satisfaction. The results of the MTO are discussed by the management, first in smaller groups and then in a plenary session, to identify possible improvements. Progress on these improvements is then reported at strategy meetings.

Result: Motivated employees

The MTO score in 2023 was relatively high at 7.8, though lower than in 2022 (8.1). Key concerns identified included management communication, clear division of work and transparency in decision making. In response, we introduced quarterly strategy meetings throughout 2023 to keep employees informed of company developments, decisions and upcoming projects. In addition, the management team was expanded in early 2024 to improve prioritisation, alignment and communication across teams.

The first group of entrants and advancers completed their programme in 2023 (23 employees in total). The response to these programmes has been positive and feedback has been provided to management for inclusion in future iterations. In addition, numerous company-wide training and information sessions were held this year, covering topics such as the legal aspects of mortgages, IT security, the use of AI and interest rate tools.

Looking ahead

In the coming years, we will continue to develop our ESG ambitions. Below a preview is given of some of our planned activities for 2024.

ESG ambition A

Driving change in the field of sustainability

In the coming years, we plan to improve our communication with borrowers about how to make their homes more sustainable and about the financing options available. This includes our partnership with 'De Energiebespaarders'. By providing information and removing financing barriers, we aim to simplify the sustainability process for as many borrowers as possible.

In addition to promoting home sustainability, we are looking at ways to give borrowers more insight into their energy consumption, for example through the use of P1 meters.

While we continue to step up our efforts, it is also crucial that the government plays an active and directive role. The new mortgage rules ('TRHK') are an important step forward in improving the financial attractiveness of sustainable investment through mortgages. These rules will enable households to borrow more for properties with higher energy ratings, while those in less energy-efficient homes can obtain additional financing for energy-saving measures.



ESG ambition B

Transparent communication and good corporate governance

From 2024, we will include separate disclosures for scope 1 and scope 2 emissions specifically for investors, together with the relevant PAI indicators, in our monthly ESG reports. In addition, we plan to publish our foundation risk model, which provides insight into typical foundation issues in the Netherlands.

We also aim to improve our ESG report by incorporating actual household consumption data, which will allow us to report CO₂ emissions more accurately to our investors. We are also exploring the possibility of classifying our mortgage funds under SFDR Article 8+.

ESG ambition C

As many happy borrowers as possible

In 2023, we developed an action plan to further improve our services. This plan contains specific actions on a wide range of topics. These include expanding the options available in our online environment ('MHO'), ensuring a predictable and reliable process, for example, through increased digitisation, and developing a policy for managing existing borrowers. Work to implement this plan will continue throughout 2024.

ESG ambition D

Prevent long-term arrears and avoid foreclosures

The introduction of the Case Control system has enabled us to further automate and optimise our special servicing process. The goal for 2024 is to keep integrating the system into the way our team works.

ESG ambition E

Active dialogue with outsourcing partners on services and ESG

In 2023, we continued our discussions with our main outsourcing partners Stater and Intertrust. The aim for 2024 is to continue this dialogue and engage them more, specifically on ESG issues, including the mapping of CO₂ emissions.

To underline the importance of ESG within our engaged supply chain, we plan to publish our engagement policy in 2024. This engagement policy will outline the level of commitment we expect from our outsourcing partners in their ESG efforts.

ESG ambition F

Working towards a carbon neutral organisation

In 2024, we expect to officially approve the execution of the improvement plan for our office building. Later that year, we hope to start implementing the first measures to make the property more sustainable and future-proof. In addition to improving the sustainability of the building and monitoring our direct and indirect CO₂ emissions, we will continue to identify additional opportunities to reduce our CO₂ emissions. In 2024, we also plan to explore how we can significantly increase our contribution to biodiversity, both around our office and among our tenants.

ESG ambition G

A stimulating working environment for all employees

In 2024, all three confidentiality officers will have completed their training and will be organising various sessions to engage with our employees. Next year, we aim to enrol a group of employees in our standardised training programmes. In addition, a special programme for 'craftsmen' will be launched and a series of internal training and information sessions will be held. These will cover topics such as the impact of 'DORA' and 'WTP', and will include training focused on ESG principles.

About this report

Explanatory notes on CO₂ calculations

The impact of the energy-saving measures we finance on CO₂ emissions has been carefully calculated. To fully assess our carbon footprint, we calculate the CO₂ emissions of all properties financed with a MUNT mortgage. This calculation takes into account relevant factors such as the energy efficiency rating and surface area of each property. By determining the average CO₂ emissions per energy label and multiplying this by the surface area of the home, we can estimate the annual CO₂ emissions for each individual property.

To calculate the CO₂ emissions from our office and transport, we use the conversion factors from www.co2emissiefactoren.nl, which were established in cooperation with Milieu Centraal, Stimular, SKAO, Connekt and the central government. This list of factors is updated annually by a panel of experts to reflect the latest findings. For domestic public transport, we use data from Mobility Mixx.

- Conversion Factor Electricity: 0.536 KgCO₂/kWh
- Conversion Factor Gas: 2.134 KgCO₂/Nm³
- Conversion Factor Petrol (Medium-Sized): 0.204 KgCO₂/km
- Conversion Factor Hybrid Petrol: 0.144 KgCO₂/km
- Conversion Factor Electric (Average power mix): 0.067 KgCO₂/km
- Conversion Factor Unknown Fuel (Unknown Size): 0.193 KgCO₂/km
- Conversion Factor Airplane (<700 km): 0.234 KgCO₂/km
- Conversion Factor International train (average power mix): 0.017 KgCO₂/kg

The conversion factor takes into account both *tank-to-wheel* CO₂ emissions and *well-to-tank* CO₂ emissions, i.e. the use of the energy source (the production of work, such as converting electricity into motion) and the production of the energy source (the processes involved in converting the energy source into energy).

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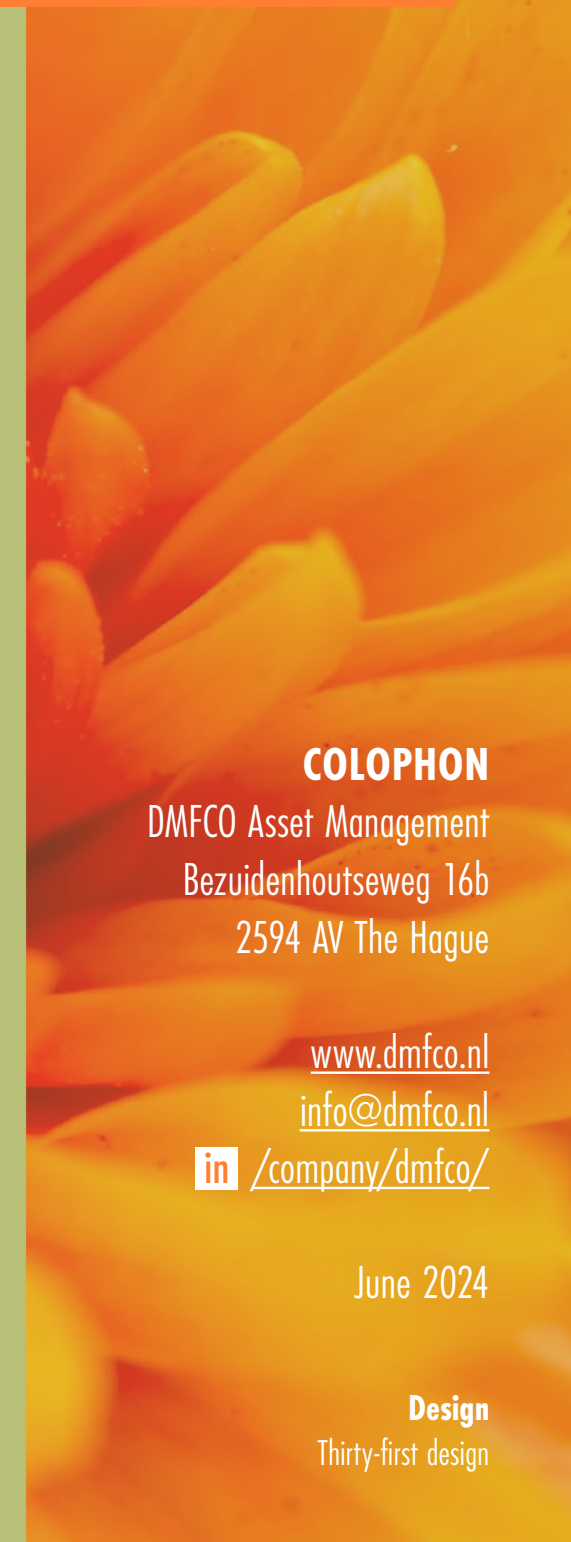




Asset Management

ESG report 2023

Contributing to a sustainable and liveable world



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