Product name: Nederlands Hypotheken Fonds

Legal entity identifier: 724500RYTYWPEYENZO51

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.

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:** ___%	☐ 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
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Manager of the Fund promotes sustainability characteristics by applying its Corporate Social Responsibility and Socially Responsible Investment Policy ('Sustainability Policy') when making investment decisions. The Sustainability Policy is leading in reducing the unfavorable effects of the investments on sustainability factors.

The Fund invests in mortgage receivables via its label MUNT Hypotheken (MUNT), whereby these 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.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

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 the mortgage receivables whereby the underlying property has an energy performance in line with an Energy Performance Certificate (EPC) of class A.

(ii) The second environmental indicator indicates the mortgage receivables the underlying property has achieved an energy efficiency improvement of at least 2 EPC classes and a minimum EPC of D.

(iii) The social impact indicator identifies the mortgage receivables whereby mortgages which have been more than 1 month in payment arrears, have been been fully cured, and have remained so to date.

- ***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?***

Not applicable. The Fund promotes Environmental/Social characteristics, but will not make sustainable investments.

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.

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

Yes,

The Fund considers principal adverse impacts on sustainability factors. The Sustainability Policy of the Manager formulates sustainability criteria on the basis of which the investments of the funds under the management of the Manager are assessed in terms of (among other things) energy efficiency and social impact.

There are differences in the energy efficiency of the underlying properties of the mortgage receivables. The Manager is transparent to investors about the energy efficiency of the properties and stimulates borrowers to make improvements to the energy efficiency by offering financing opportunities for energy-saving measures.

When investing in mortgage receivables via its label MUNT Hypotheken, the Manager does not exclude mortgage receivables with a lower energy label. These investments can have a negative impact on sustainability. However, the Manager believes that by actively approaching its borrowers MUNT stimulates these borrowers to make their property more sustainable by offering to finance the costs for energy-saving measures at favorable conditions, thereby contributing to the overall sustainability of the Dutch housing stock.

When granting mortgages, there is a risk that the mortgage product does not sufficiently matches the profile and needs of the consumer. MUNT has a legal obligation to actively prevent this risk and strives for the continuing affordability of the originated mortgages. For example, MUNTs acceptance criteria for mortgages fulfil its duty of care towards borrowers and are aimed at preventing over-crediting. MUNT actively approaches borrowers where payment problems may arise in the future. In those situations where a borrower has difficulty meeting its payment obligations, MUNT takes extra care to take the interests of the borrower into account.

The Manager will periodically describe the actions taken in the context of sustainability in the most recent reference period and the effects this has had on the prevention and mitigation of significant negative effects on sustainability. Relevant information on principal adverse impacts on sustainability factors will be disclosed in the Fund’s annual report.

What investment strategy does this financial product follow?

The Fund offers investors the opportunity to invest indirectly in mortgage receivables with Dutch residential properties as collateral.

The investment objective is to achieve a return relative to the relevant Euro swap curve that offers sufficient compensation for the risks of the underlying mortgage receivables (including credit risk, offer risk and early repayment risk) and management costs.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

To achieve the investment objective, the Fund invests in mortgage receivables resulting from mortgage loans originated by MUNT Hypotheken in accordance with the product- and acceptance criteria.

The mortgage receivables originated by MUNT Hypotheken offer finance opportunities with favorable conditions to make improvements to the energy efficiency of their property. The Manager stimulates its borrowers to use these financing.

The Fund invests in mortgages whereby special care is taken to ensure the continuing affordability of the originated mortgages. The acceptance criteria used in originating the mortgages are aimed at preventing over crediting. In those situations where a borrower has difficulty meeting its payment obligations, MUNT will take special care to take the interests of the borrower into account. MUNT actively approaches borrowers where payment problems may arise in the future.

- ***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?***

The Fund investments in mortgage receivables originated by MUNT Hypotheken in accordance with the product- and acceptance criteria and servicing standards. These criteria and standards promote affordable housing, adequate living standards and climate change mitigation and adaptation by offering finance opportunities with favorable conditions to make improvements to the energy efficiency of the mortgaged properties and taking special care to ensure the continued affordability of the originated mortgages.

The application of the Sustainability policy of DMFCO. Investments in conflict with the sustainability objectives of the Manager will be excluded based on the Sustainability policy.

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

Not applicable to the Fund.

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

The Fund invests in Dutch residential mortgage receivables. The Fund does not invest in investee companies and therefore it does not have a policy to assess good governance practices of investee companies.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

What is the asset allocation planned for this financial product?

The Manager will invest 99 % 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, 1%, may be invested in ancillary assets that are not aligned with environmental and/or social characteristics, for example, cash and cash like instruments.

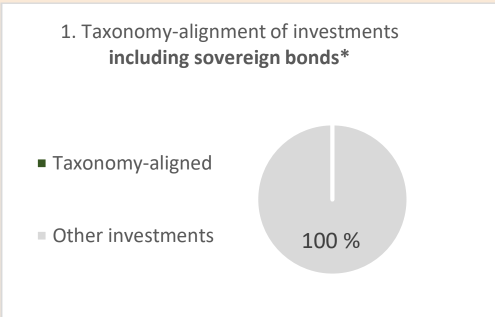
***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

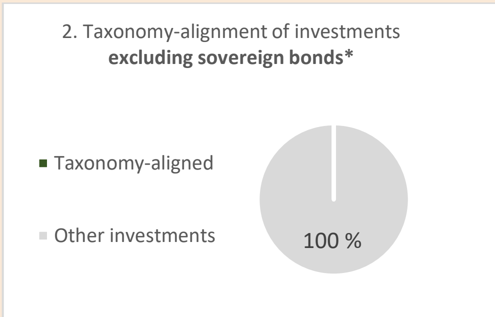
The Fund does not use derivatives.

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

The Fund investments promote sustainability characteristics, but do not make any assessment whether these investments are aligned to the EU Taxonomy.

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?

Not applicable to the Fund.

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

Not applicable to the Fund.

What is the minimum share of socially sustainable investments?

Not applicable to the Fund.

What investments are included under "#2 Other", what is their purpose and are 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.

Where can I find more product specific information online?

On the DMFCO Investor Portal, amongst others, the applicable Sustainability Policy, Remuneration Policy as well as periodic ESG reports and the Fund's annual reports are available.

More product-specific information can be found on the website: www.dmfco.nl