



Overview engagements H1 2022

a.s.r. asset management

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a.s.r. seeks a constructive dialogue and engagement with companies about relevant Environmental, Social and Governance (ESG) practices, in accordance with the standards outlined in the a.s.r. Socially Responsible Investment (SRI) Policy. This engagement dialogue knows three forms:

1. Engagement with the purpose of monitoring a company's on-going sustainability, which takes place regularly and especially with a.s.r.'s largest holdings;
2. Engagement with the purpose of influencing the behavior of a company or sector where ESG issues have been identified. Engagement for influencing focusses on specific and current environmental, social and governance themes. The engagement can be focused on a sector, or on individual companies. Most often these engagements are started because of violations of international standards such as Global Compact or because of high ESG risk. International guidelines such as the UN Global Compact and the UN Guiding Principles (UNGPs) therefore always form the basis of our engagements;
3. Public engagements together with policymakers, government, regulatory bodies, sector organizations and/or other stakeholders to implement and enhance sustainability practices.

In this report an overview of current engagements in the first half of 2022 is presented.



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Finance Water
Initiative



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Management



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Climate Action



Climate change is one of the systemic risks facing our global economy and financial system. It is therefore one of the focus themes of the a.s.r. sustainable investing policy. We aim to reduce the carbon emissions of our investment portfolio amongst others by engaging high emitting investee companies on improving their governance on climate change, reduce emissions and improve climate related disclosures. As we have committed ourselves to the Paris Agreement and thereby to becoming a net-zero emitter in 2050, we also ask companies we invest in to commit to net-zero carbon emissions.

Climate action should always go hand in hand with social inclusion. Jobs will disappear because of the low-carbon transition, and new jobs will arise because of new economic opportunities. In many cases this will impact workers who might need new, more specialized skills. Or communities because of relocation of production processes. A just transition seeks to ensure that the substantial benefits of a low-carbon transition are shared widely, while also supporting those who stand to lose economically – be they countries, regions, industries, communities, workers or consumers. In short: making sure no one is left behind.



Ampol Limited

We have had a meeting with Ampol where we discussed their activities related to the extraction of oil and gas, Ampol is mostly an importer of fossil fuels and refines it in their own refinery. Last year they have been supported by the government to keep the refinery operational. With the government switch – the conservatives have been replaced by the Labor Party – Ampol does expect the climate ambitions of the government will be intensified. We also discussed the reduction targets of Ampol, which are currently only focused on their own operations (scope 1 and 2). We suggested to implement absolute reduction targets for scope 3 as well, as scope 1 and 2 only account for 2% of their total emissions. Ampol says they are currently in the process of investigating their scope 3 emissions.

Equinor ASA

Although Equinor is one of the leaders in the fossil fuel industry based on climate ambitions, we did find they can not yet be considered to be Paris-Aligned. Therefore we have requested to start a dialogue, which will take place in September. Topics we will discuss during that meeting will relate to some unconventional projects related to Arctic drilling and the production of shale gas (fracking). Also we want to discuss their capital expenditure related to renewables and low-carbon technologies and the role of carbon capture storage (CCS).

Valero Energy Corporation

Valero Energy is an American fossil fuel producer and is the largest petroleum producer in the world and the second largest producer of renewable fuels (ethanol). We reached out to Valero for an engagement call in August, as we noticed their climate ambitions are not considered to be Paris-aligned. Although the company is also very active in the field of community and ecological projects, we need to discuss their omitting scope 3 emission reduction targets, no 'net-zero' ambition and their relatively low capital expenditures in low-carbon technologies.

Biodiversity



Biodiversity loss is besides climate change one of the big challenges and systemic risks of our time. Land use change, deforestation and climate warming are all major drivers of biodiversity loss. a.s.r. has signed the Finance for Biodiversity Pledge, committing to measure the biodiversity impact of our investment portfolio and to set targets to minimize negative impact and maximize positive impact. We have entered several engagement initiatives with the aim of addressing biodiversity loss.

Bunge

Bunge is an American agribusiness and food company and currently world's largest processor of oilseeds, such as soy beans. Engagement with Bunge therefore focuses on topics like Zero Deforestation, Biodiversity Impact Assessment, Biodiversity Restoration and Sustainability Reporting. We participated in an investor roundtable with Bunge and spoke with the Chief Sustainability Officer about Bunge's goal to achieve zero deforestation across its supply chains by 2025. The goal should be achieved to work together with its suppliers, Bunge went to all resellers and offered satellite imagery technology for free to nudge them to join this program.

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Bunge is making progress on its indirect supplier traceability goal with a percentage of 64% which can be monitored. Also Bunge included most of the recommended disclosure suggestions in their 2022 sustainability report, now sharing the percentage of products verified as deforestation and conversion free (DCF) for direct (99,9%) and indirect sourcing (91,2%). The company is also in the process of enhancing their grievance system to better capture instances of deforestation and allegations of human rights violations.

Progress: neutral

Mondelez¹

Mondelez is a large player in the cocoa industry, one of the key commodities prone to deforestation. Deforestation in cocoa producing countries is often directly linked to farmers livelihoods. By focusing on income diversification for farmers and paying a living income, there is less need to convert forest areas in new cocoa plantations. This engagement is therefore much aligned with our work within the Platform Living Wages Financials. The engagement with Mondelez will focus on a zero deforestation commitment; biodiversity restoration and impact assessment; circular economy; social management and sustainability reporting.

After the publication of Mondelez' ESG Report and CDP Forest Questionnaire, the remaining gaps in their biodiversity restoration and conservation approach have been discussed. Mondelez is showing progress against its sustainable sourcing goals and they are on track of meeting their goal of 100% transparency cocoa sourcing. The company is also participating in a project related to providing financial incentives for land restoration, conservation and carbon sequestration. Goals for the next meeting will be focused on biodiversity measurement, restoration and conservation goals.

Progress: positive

Satellite images for monitoring deforestation

Johnson & Johnson, Costco, McDonalds, ADM

To help put a stop to deforestation, a.s.r. is participating in an engagement program, with the support of Satelligence, with a focus on deforestation-free supply chains. This initiative allows us to gain more transparency in the supply chains of companies such as PepsiCo, McDonalds and Archer Daniels Midland.

Satelligence is an Utrecht-based start-up that uses satellite technology to shed a light on if and where in the companies' supply chain deforestation occurs and which concrete actions investees take to prevent it. Radar and optical satellite images provided by Satelligence enable us to detect, validate and quantify changes in the vegetation cover of nature areas, which are then connected to companies through public data on supply chains. The images provide us investors with an overview of progress made by these companies.

¹ Companies under engagement by Robeco on behalf of a.s.r.

a.s.r is taking the lead on the engagement with PepsiCo. We have had our first engagement call with PepsiCo where we discussed monitoring systems, which process will be followed in case a deforestation event has been identified and how grievances are handled. We also confronted PepsiCo with some deforestation cases we have identified (based on reports from Satelligence), these were unknown to them. PepsiCo promised to investigate the deforestation cases and inform us about the follow-up.

Johnson & Johnson has thus far not been responsive to multiple attempts to get in touch to discuss their deforestation reports. We will discuss with the coalition what our next steps will be.



SDG Engagement

Alphabet, Apple, Rio Tinto and Facebook*

In 2015 the United Nations adopted 17 Sustainable Development Goals, which should be the layout to achieve a better and more sustainable world for all by 2030. a.s.r. has identified five Sustainable Development Goals (SDGs) in connection to its integrated business strategy, to which it has most to contribute as a sustainable insurer, investor, employer and socially engaged business partner. Our activities are not only focused on the 5 different SDG's below.

Financial self reliance and inclusiveness



Economic growth must be inclusive to provide sustainable jobs and promote equality



Promote inclusive and sustainable economic growth, employment and decent work for all

Vitality and (sustainable) employment



Ensure healthy lives and promote wellbeing at all ages



Promote inclusive and sustainable economic growth, employment and decent work for all

Climate change and energy transitions



Ensure access to affordable, reliable, sustainable and modern energy



Take urgent action to combat climate change and its impacts

We believe it is important that companies improve their measurement procedures regarding their SDG contribution. Therefore we are discussing their SDG contribution, which needs to be improved in the following three to five years. This engagement program focuses on encouraging companies to align their business strategy with the SDGs. Different milestones are drafted to monitor the progress of the companies Alphabet, Apple and Facebook*.

1. Impact Plan: Companies are encouraged to define their priorities based on an assessment of their positive and negative, current and potential impact on the SDGs across their value chains.
2. SDG Mapping: Companies need to report relevant impact indicator metrics on the SDGs that can be assessed and quantified, whilst mapping their offerings to the goals they support.
3. Target Setting: Concrete time-bound milestones should be defined to ensure that their products and services make a clear contribution to relevant SDGs.
4. Stakeholder Management: Companies should establish a formal procedure to convene with these stakeholders and incorporate insights from these interactions in their decision-making process.

Progress: neutral (for all three companies)

Responsible use of plastics



Plastics are everywhere: it is a resource that is being used to make some of the most durable products and has many advantages. At the same time, single use plastics have become one of the largest environmental challenges. Single use plastics end up on the landfill and are difficult to recycle. Or even worse, they are disposed directly into the environment.

PepsiCo²

Since the 1970's their use has increased twenty-fold and it's expected to double again in the next two decades. Although plastic nowadays has a negative reputation, there are actually quite some environmental benefits; it may reduce the weight of products, reduces packaging, it has a lower impact than paper and it has the ability to keep food fresh for a longer time, which reduces food waste.

The biggest problem with plastic though, is that single use plastics became very popular – after a short first-use cycle, most packaging is not collected and recycled, but ends up in landfill or in the environment with widespread consequences for the economy, biodiversity and human health. Plastic pollution is most visible in developing Asian and African countries, where garbage collection systems are often inefficient or even nonexistent³.

² Companies under engagement by Robeco on behalf of a.s.r.

³ <https://www.nationalgeographic.com/environment/article/plastic-pollution>



Plastics break eventually down into microplastics, which end up in our ecosystems. Microplastics are found in every corner of the world, from Mount Everest, the highest peak, to the Mariana Trench, the deepest trough.

In March this year a closing engagement meeting took place, the company disclosed further ambitious objectives and how to mitigate arising challenges with chemical packaging. We also discussed responsible lobbying and how PepsiCo is involved in these lobbying commitments, PepsiCo explained sustainability is one of the main topics for lobbying. The topics 'Innovation Management', 'Responsible Lobbying for Regulatory Change' are successfully closed. Room for improvement still relates to 'Industry collaboration and public-private partnerships'.

Progress: Successfully closed

Proctor & Gamble⁴

Proctor & Gamble is an American multinational consumer goods corporation. Their specialization of focused on personal health/consumer health, personal care and hygiene products. These products also have an environmental footprint, for example their polluting effect on the environment with single-use plastics. We have been in discussion with the company about numerous environmental and social risks, which was acknowledged by the P&G. We also encouraged the company to report transparently about any violations in the supply chain to demonstrate that grievance mechanisms are working.

⁴ Companies under engagement by Hermes on behalf of a.s.r.

FAIRR Valuing Finance Water Initiative



In June a.s.r. signed the Valuing Water Finance Initiative, which is a new global investor-led effort to engage corporate water users and polluters to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems. The initiative will call on companies to better protect water systems. The initiative will call in companies to meet a set of soon-to-be released Corporate Expectations for Valuing Water that align with the United Nation's 2030 Sustainable Development Goal for Water (SDG 6) and the actions laid out in the Ceres Roadmap 2030.

We are facing an existential and multi-faceted threat to our freshwater resources, even in the Netherlands – which is also known as 'Netherlands Waterland' - we are confronted with shortages of drinking water. In addition to the danger this poses to human and ecosystem health, the global water crisis is also a systemic, far-reaching, financial risk to nearly all economies. The water crisis is exacerbated by climate change, making it even more urgent to drive capital market actors – including large institutional investors and major corporations – to address water issues.

The Valuing Water Finance Initiative will drive large-scale change in corporate water practices via key partnerships, first-of-its-kind research, and institutional investor engagement. Using new research and analysis as a foundation, Ceres co-developed – with members of the Valuing Water Finance Task Force, and other investor and NGO partners – a set of clear action steps that companies should take to improve water stewardship. In 2022, the Valuing Water Finance Initiative will launch an investor-led campaign shaped by these action steps to move companies on their water use via investor engagement. a.s.r. will take the lead on the engagement of two companies out of a targeting group of 100 companies.



Human rights



Holcim⁵

Holcim manufactures cement, concrete and asphalt products. Currently we are engaging the company on safety incident transparency and worker safety performance. To increase transparency we focused on the LTIFR, which is the abbreviation of Lost Time Injury Frequency Rate, this refers to the number of lost time injuries occurring in a workplace per 1 million hours worked.

⁵ Companies under engagement by Hermes on behalf of a.s.r.



Hazardous Substance Management



3M⁶

PFAS, short for per- and polyfluoroalkyl substances – are a large group of chemicals that make certain products nonstick or stain resistant. 3M, producer of industrial, safety and consumer products is one of the users of PFAS and recently multiple allegations (amongst others Zwijndrecht and Decatur) have been made against the company for the contamination of groundwater. PFAS chemicals have been around for decades, but the mentioning of the impact on groundwater has never been mentioned, until recently. PFAS is also called as 'forever chemicals' because their carbon-fluorine chains are among the strongest chemical bonds in nature and break down very slowly. Several researches have proven that PFAS accumulates in soil, rivers and drinking water. We are currently in dialogue with 3M where we are supporting the transition to safer chemicals, which will also be part of the EU's Green Deal.

⁶ Companies under engagement by Hermes on behalf of a.s.r.



FAIRR Investor Letter

a.s.r. signed an investor initiative – managing over \$14 trillion – to urge the United Nations to create a global plan to make the agriculture sector sustainable and curb one of the biggest sources of climate-damaging emissions. Food production currently accounts for around a third of global greenhouse gas emissions and is the main threat to 86% of the world's species at risk of extinction, while cattle ranching is responsible for three quarters of Amazon rain forest loss⁷.

The IPCC Special Report on Climate Change and Land⁸ assessed all pathways that limit warming to 1.5°C or well below 2°C will require land-based mitigation and land-use change. While the environmental degradation caused by food systems is multifactorial, evidence shows that even if fossil fuel emissions were eliminated immediately, food systems alone would make it impossible to reach 1.5°C, and sustainable diets play a key role. Additionally, agriculture is also highly vulnerable to climate change impacts, which has implications for food security.

Last year, a FAIRR initiative study showed the emission reduction plans of the G20 countries were lacking targets to reduce agricultural emissions. Therefore the investor letter will be addressed to the director general of the U.N.'s Food and Agriculture Organization, Qu Dongyu, who's agency is considered best-placed to take the lead on creating a road-map to ensure better planning and concrete actions in order to bring down carbon emissions related to agriculture.

A central roadmap with key milestones can help investors align portfolios and engage with portfolio companies to minimize environmental impacts and exposure to climate and biodiversity risk. It should be clear to companies and other stakeholders in the sector, what volume of emissions must be mitigated to limit warming to 1.5°C, and the role each subsector must play in this mitigation. The International Energy Agency's Net Zero roadmap has proven valuable in demonstrating the pathway for the energy sector. A similar pathway is now needed for agriculture. Investors have already played a crucial role in accelerating the energy transition in recent year and, with the right tools, investors can support a global food system transition.

We recognise the financially material risks of the food system, from climate change, biodiversity loss, malnutrition, and antimicrobial resistance to the the material impacts that food system activities have on the environment. Accordingly, we urge the FAO to produce a global roadmap to 2050 that mitigates these risks and sets a standard for the industry. It is crucial that this roadmap aligns with the Paris Agreement's goal while ensuring the protection and restoration of nature, and achieving food and nutrition security goals.

⁷ <https://www.reuters.com/business/sustainable-business/exclusive-global-investors-write-un-urge-global-plan-farming-emissions>

⁸ <https://www.ipcc.ch/srccl/chapter/summary-for-policymakers/>

Living wages



As recognized by, amongst others, the ILO and OECD, living wage is a fundamental human right. Under the Platform Living Wage Financials (PLWF) a.s.r., together with other financials assesses and engages investee companies on the topic of living wage and living income. The methodology for assessment (developed by Mazars) focusses on policies and mitigation measures in place to identify and act on living wage gaps in the supply and production chain.

What is a living wage and living income? It is a wage that allows workers to afford a decent standard of living for him- or herself and his or her family. It is not the same as a statutory minimum wage. The concept knows many definitions (such as the widely accepted one by the Global Wage Coalition) but all agree that a living wage should be enough to provide for food, water, housing, education health care, transportation, clothing and other essential needs, including provision for unexpected events. A living wage is locally specific as it depends on the costs of living in a particular place and should be earned in a regular work week. The concept of living wage applies to hired workers (for example in the garment industry) and the concept of living income applies to self-employed workers (for example smallholder farmers).

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Living Wage in the sugar sector

Together with CVN International, we have started to engage Bonsucro on including living wage in its Standard. Besides the focus commodities cocoa and coffee, the sugar production chain is vulnerable with respect to living wages as well. As a result of this engagement, living wage is now part of the renewed Bonsucro production standard. We have developed a Roadmap which sets out the steps necessary to make the implementation of a living wage possible. Furthermore, we called upon all companies under PLWF engagement to accelerate their work on living wages in the sugar value chain and / or become a member of Bonsucro.

A full overview of companies under engagement by PLWF is given below:

Platform Living Wages Financials			
Garment and Footwear			
Adidas	The GAP	Gildan	ABF/Primark
M&S	Esprit	Asos	Anta
H&M	Puma	Asics	PVH
Nike	Lojas Renner	Abercombie & Fitch	VF Corp
Inditex	Zalando	Burberry	Hanesbrands
LVMH	Home Depot	TJX Companies	Boohoo
Hugo Boss	Ralph Lauren	Moncler	American Eagle
Coats Group	Kering	Fast Retailing	Next Retail
Kontoor			
Retail			
Ahold Delhaize	Casino Guichard-Perrachon	Dollar General	Carrefour
Tesco	Walmart		
Food & Agri			
Barry Callebaut	Nestle	Mondelez	The Coca Cola Company
Unilever	Olam	The Hershey Company	Starbucks
J.M Schmucker Co	Lindt & Spruengli	Kraft Heinz	Orkla
Bonsucro			

Overview of previously closed engagements

Closed engagements		
Glencore*	Human rights	Successfully closed in 2017
Anglo American*	Human Rights and related Labour Rights	Successfully closed in 2016
ENI SpA	Human Rights and Environment	Engagement closed in 2016 / Positions sold
GlaxoSmithKline*	Corruption	Successfully closed in 2016
Rio Tinto*	Human Rights and related Labour Rights	Successfully closed in 2016
VINCI SA*	Labour Rights	Successfully closed in 2016
Total SA	Human Rights	Successfully closed in 2014
China Petroleum & Chemical*	Human Rights	Successfully closed in H1 2018
General Motors*	Human Rights	Successfully closed in H1 2018
G4S*	Human Rights	Unsuccessfully closed in H1 2019/ Positions sold
BHP Billiton*	Environment	Successfully closed in H1 2019
Volkswagen*	Environment	Successfully closed H1 2019
Novartis*	Corruption	Successfully closed H1 2020
Enel*	Environment	Successfully closed H1 2021
BASF*	Environment	Successfully closed H1 2021
PepsiCo*	Health	Successfully closed H1 2021
Vodafone	Cybersecurity	Successfully closed H2 2021
PepsiCo*	Use of Plastic	Successfully closed H1 2022

* Companies under engagement by Robeco on behalf of a.s.r.

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