a.s.r.
asset
management

Quarterly ESG Update – Q3 2023

a.s.r. asset management

Introduction

On 1 October 2023, the legal merger of ASR Nederland N.V. (a.s.r.) and Aegon Nederland N.V. (Aegon Nederland) was completed. This means that as a business and an employer, Aegon Nederland has been merged with a.s.r. The legal merger, also known as the employers' merger, creates one of the largest insurers in the Netherlands, with some 9,600 employees. a.s.r. and Aegon N.V. announced the merger of Aegon Nederland and a.s.r. in October last year. After the Netherlands Authority for Consumers and Markets (ACM), De Nederlandsche Bank (DNB) and the European Central Bank gave the go-ahead, the transaction was realised on 4 July 2023.

The merger resulted in a transfer of the management of the third-party mortgage funds and illiquid credit funds to Aegon Asset Management. Furthermore, Aegon Asset Management retains the management of assets related to the Aegon Nederland Group's pension premium institution ("PPI"), Pensions Defined Contribution ("Pensions DC") and the unit-linked portfolios, whilst a.s.r. Asset Management manages all other asset categories relating to affiliate and general account assets. At a.s.r. Asset Management, we are working hard to make sure that these new assets comply with the a.s.r. socially responsible investments (SRI) policy, and we performed inventory procedures to align the portfolio with the SRI Policy.

In September, a.s.r. Asset Management introduced a new equity fund, with a strong sustainable character: the 'ASR Wereldwijd Impact Aandelen Fonds' ("ASR Global Impact Equity Fund"). In line with the recently tightened Sustainable Finance Disclosure Regulation (SFDR), this fund qualifies as an Article 9 fund. With this fund, a.s.r. offers institutional clients the opportunity to also invest in companies that pursue a positive impact on people, the environment and society. The fund simultaneously contributes to a.s.r.'s ambition to have € 4.5 billion in impact investments in its portfolio by the end of 2024. The portfolio consists of up to 30 listed companies.
All investments qualify as sustainable investments and each contribute to one or more Sustainable Development Goals (SDGs), as established by the United Nations.

Want to learn more about a.s.r.'s sustainable investing? Visit our website

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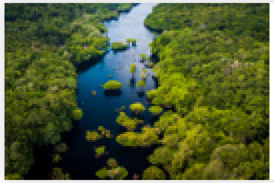

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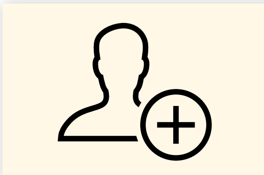


- New colleagues
- Don’t bomb the bank: a.s.r. in hall of fame

Impact

Glennmont Partners

Glennmont i s one of the world's largest fund managers focusing extensively on clean energy infrastructure investing. It has three investment funds that invest in alternative power generation projects, such as wind farms, biomass power stations, solar parks and small-scale hydro power plants. a.s.r. is invested in Fund II and Fund III.

Assessment of environmental and biodiversity impact

During their investment due diligence process, Glenmont also conducts an Environmental Impact Assessment (EIA), which assesses key ecological impacts of a project. In addition to this, Glennmont is exploring avenues to measure biodiversity impacts, both top-down and bottom-up approaches. One of the renewable projects we are invested in via Fund III, located in northern Portugal, identified the presence of Iberian wolves, a protected species, during the EIA process. To mitigate this impact, an agreement was reached with the Association for the Conservation of the Iberian Wolf Habitat, whereby the company would participate in the association's monitoring and compensation plans. The measure was well received by local and national stakeholders, enabling a positive relationship with the local communities.

Community Benefit Funds

Glennmonts renewable energy projects are typically located in rural areas which are often characterized by low-incomes. Hence Community Benefit Funds (CBFs) can generate significant positive outcomes for the community. In addition to encouraging community engagement within their projects,

Glennmont recognizes the importance that funding initiatives include community-led activities. This led them to explore a partnership with the platform BizGive for Glennmont administered CBFs,. BizGive is a community impact platform for the infrastructure sector. It helps to set up CBFs, raises awareness on them within the local community, and allows Glennmont's asset controller to receive and approve grants submitted by the local community to the platform. The BizGive team advertises the Community Fund and the organizations apply through the BizGive platform. The Asset Controller then reviews and approves. They then report the positive impact of their project to Glennmont through the BizGive platform. The partnership is kicking off with a pilot at Project Piiparinmaki, a Finnish onshore wind asset in Fund III. Glennmont will monitor and evaluate the pilot's benefits to the company and project and may roll-out its use across their assets with active CBFs.

a.s.r. Equity Impact Fund

a.s.r. Nederland has an ambition to increase the number of impact investments for its own book to 4.5 billion by 2024. 'Impact investing' is distinguished by the intention to generate positive impact on a sustainable future for people and planet in addition to a market-based financial return.

Impact Portfolio

We select companies whose products, services, technology or infrastructure make a positive contribution to solving one or more social and environmental problems. Among other things, this is achieved by investing in stocks that realise a measurable and positive environmental and social impact and therefore qualify as sustainable investments. The equity team at a.s.r. asset management has already been successfully working on the impact portfolio since 2019.

This is why impact investing has now been made available to customers with the new ASR Wereldwijd Impact Aandelen Fonds.

ASR Wereldwijd Impact Aandelen Fonds

Companies that achieve a measurable and positive environmental and social impact are selected for the AWIAF. The United Nations Sustainable Development Goals (SDGs) are used to determine the categories of sustainable goals - to which the companies that are part of AWIAF must contribute. These are 17 goals set by the United Nations to achieve a sustainable world for all by 2030.

For the fund, we invest in companies that address important social or environmental issues, while aiming for healthy financial returns on investments. The fund includes companies that have a demonstrable positive impact on people, the environment and society. These companies all have a specific sustainability objective and were finally included in the fund after very strict and detailed selection. They are companies that can substantiate their positive impact with data and insight into the business and that can be shown not to harm an environmental or social objective.

Up to 30 such listed companies will be included in the AWIAF. This low number is deliberate, as these companies are relatively scarce and no concessions are made with respect to impact. The impact strategy is offered both as a fund and as a discretionary mandate for institutional investors.

Self-developed test on impact criteria

The definitions of both sustainable investment and impact investment are not yet complete. These concepts will also be further defined by legislation and/or market developments in the future.

Both the market and the EU legislator are working on an objective test, but until this is in place, there will be a possibility of deception. We have accordingly taken the lead with a self-developed objective test for impact for our impact strategy, which has been in place for a few years now. We have used the Impact Investing Market Map of the United Nations Principles of Responsible Investing
(UN PRI) for our impact test. We look not only at ESG ratings, but also, for example, at sustainable accounting, governance, management quality and long-term vision. In addition, we think a serious revenue model is important. A model that delivers good long-term returns. And benefits the planet and society at the same time.

Article 9 qualification

The SFDR is a European regulation, which aims to provide greater transparency on how financial parties incorporate sustainability risks and opportunities into their investment decisions and investment products. Sustainability is a binding and mandatory part of the investment process and the investment fund must consist for the most part of so-called sustainable investments. We have qualified this fund as an Article 9 fund based on the requirements of the SFDR.

Sustainable investments are investments in an economic activity that contributes to the achievement of an environmental objective (E) or the achievement of a social objective (S), without seriously compromising other environmental or social objectives and the investee companies follow good governance practices (G). Impact investment is a category of sustainable investment, and must involve the choice of a clearly defined asset class.

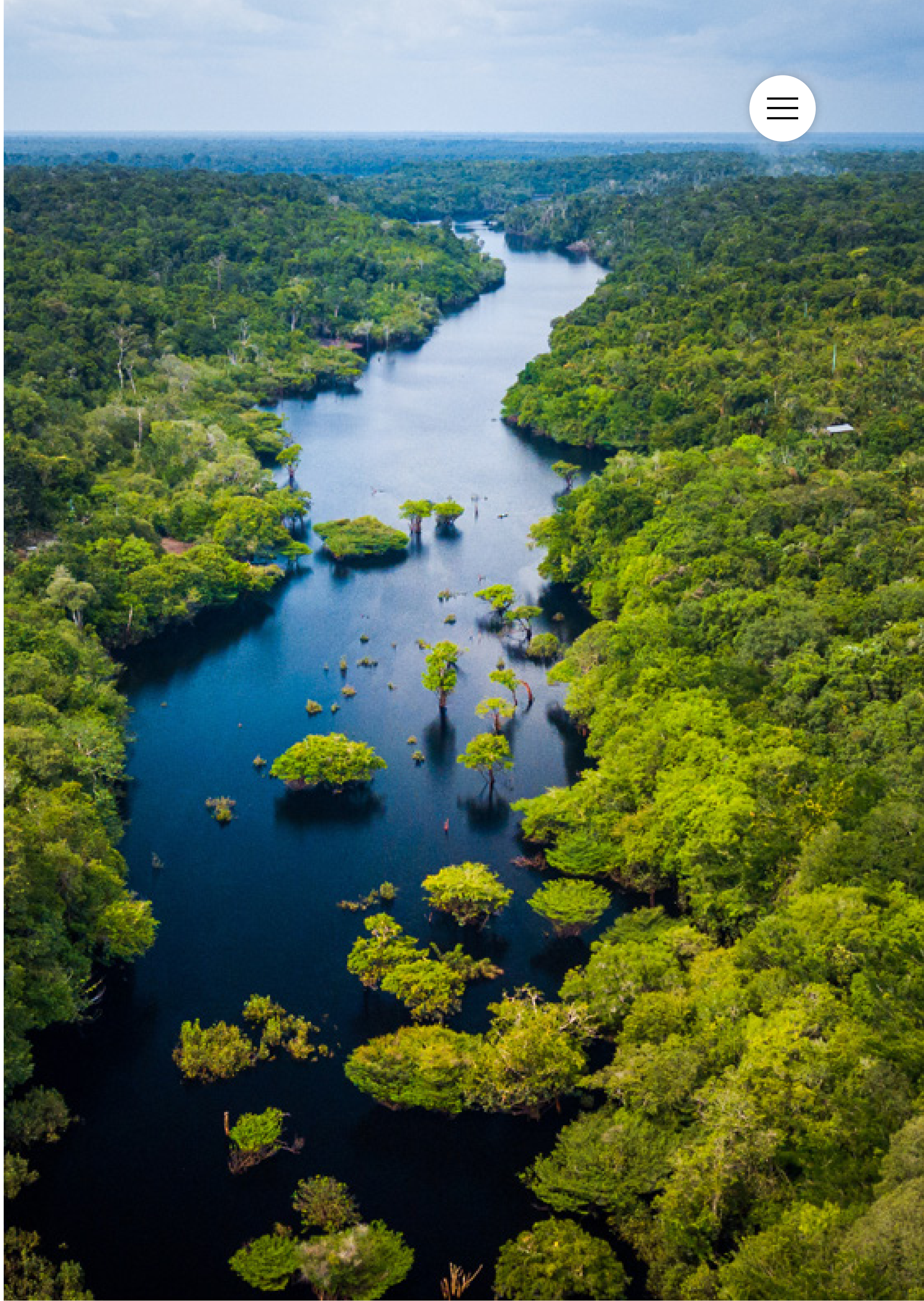
Climate

Tipping point in the Amazon

At a.s.r. asset management, we are monitoring the news and scientific research on the state of biodiversity around the globe, in relation to the assets in our portfolios. One of the areas we are especially concerned about is the Amazon. Much has been written about tipping points and the Earth's ability to cope with planetary boundaries. One of these is located in the Amazon, where deforestation combined with the effects of climate change could turn this vast jungle into a desert[1]. The Amazon is the largest rain-forest in the world and receives up to 3 meters of rainfall every year. But the Amazon is drying out due to increasing droughts and human-induced deforestation. The journal Science Advances recently published findings that deforestation is delaying the start of the South American monsoon, leading to less rainfall in the Amazon[2].

Despite the positive developments in Amazon deforestation - compared to August last year, deforestation decline was reported at 66.1% - expectations of a lack of rainfall and drought are surprisingly accurate this year. A state of emergency has been declared in Manaus and more than 20 other cities. Rivers have dried up and tens of thousands of people are stranded in remote jungle villages. Experts suspect that the heat wave and drought are responsible for the large numbers of fish and river dolphins washing up dead[3].

1 https://www.sciencefocus.com/planet-earth/the-amazon-rainforest-could-it-become-a-desert
2 https://www.science.org/doi/10.1126/sciadv.add9973
3 https://www.bbc.com/news/in-pictures-67087949



The journal Nature published evidence for clearing wide swaths of trees – deforestation -, leading to reduced rainfall in the tropics. Tropical forests are able to generate their own rainfall, when it rains, trees soak up and use that water. They then release that moisture, both through evaporation and through their leaves. That humid air rises and helps create clouds, which in turn create more rain[4]. When trees are cut down, it breaks this cycle, hampering the formation of rain and leading to drought. Reduced precipitation recycling due to forest loss, the researchers say, has grave repercussions for agriculture, hydropower generation and climate resilience – as well as for the rainforest itself.

Additionally, El Niño is a major contributor to this year's extreme drought and heat. El Niño is a climate pattern that describes an unusual warming of surface waters in the eastern tropical Pacific Ocean. Although the effects of El Niño vary around the world, for the Amazon it means higher temperatures and less rainfall.

The drought has been taking for almost three months, and the expectation is that this will take at least until December, when El Niño effects are forecast to peak. Although the Amazon is currently in the middle of its dry season, this drought shows the long-term trend of global warming that is leading to more frequent and more severe extreme weather events.

At a.s.r. we recognise the importance of stopping deforestation and biodiversity loss. We are currently participating in a collective deforestation engagement initiative to discuss satellite images of deforested areas in palm oil regions. In addition, through engagement, we are working on deforestation in general and deforestation in the supply chains of our portfolio companies.

4 https://www.npr.org/2023/04/02/1167371279/why-deforestation-means-less-rain-in-tropical-forests

Carbon Footprint

The a.s.r. ESG fund range includes euro sovereign bonds, euro credits, European and American equities. While already having a strict ESG policy for the overall investment process within a.s.r. asset management, these ESG funds have additional guidelines on ESG indicators.

At the end of the third quarter of 2023 the carbon emissions of the credit fund are still well below the benchmark. The carbon emissions per million euro showed a decrease compared to the Q2 2022 figures – the benchmark also decreased.

The equity funds are optimized based on the scores that companies achieve on carbon intensity, energy transition and total ESG policy. The carbon emissions remain well below the benchmark. Both the equity funds showed a decrease in carbon emissions per million euro.

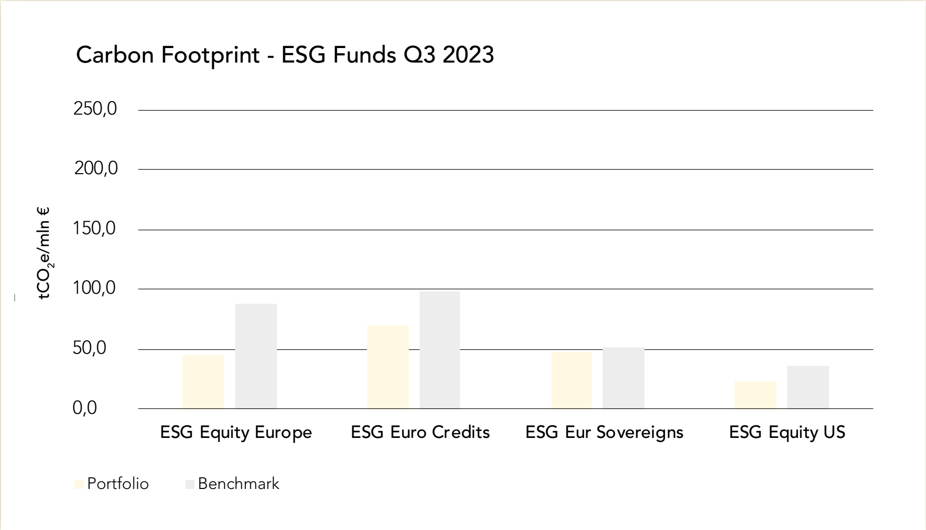


Figure: Carbon emissions for ESG equity (Europe and US), ESG Credits and Sovereigns funds at the end of September 2023. The carbon footprint is calculated on a "best effort" basis with the available and most recent data from reliable sources, including Moody's ESG. The results may show a changing course because the portfolio data, carbon data and market data are subject to change. The methodology for calculating the carbon footprint is in line with the PCAF methodology.

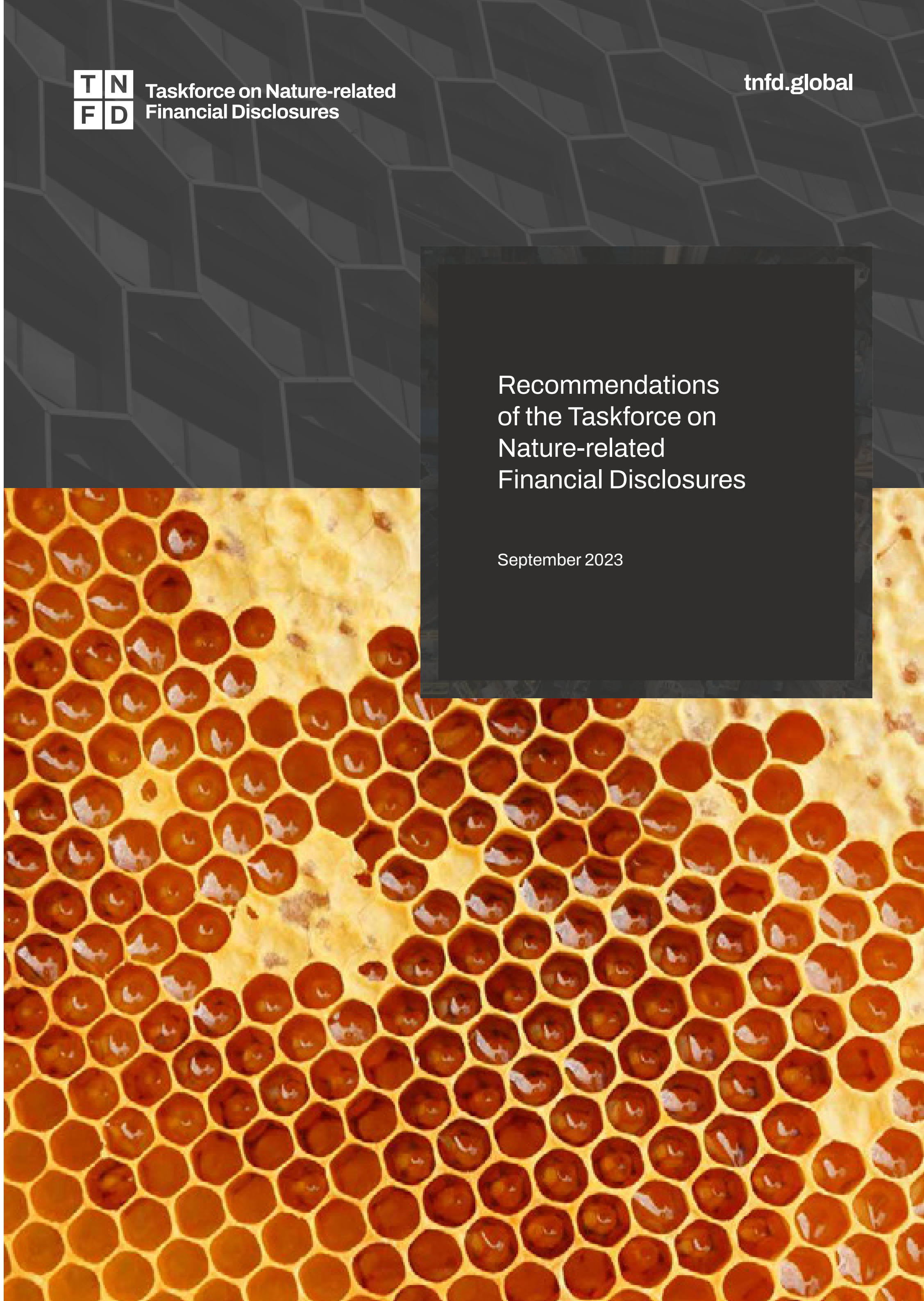
Biodiversity

TNFD Framework published

In September 2023, the Task Force on Nature-related Financial Disclosures (TNFD) published its final Recommendations for nature-related risk management and disclosure. The TNFD is an international initiative aimed at promoting and standardizing the disclosure of financial information related to nature-related risks and opportunities[5]. Similar to its climate-focused counterpart, the Task Force on Climate-related Financial Disclosures (TCFD), TNFD encourages businesses and financial institutions to assess and disclose their dependencies and impacts on nature. By providing clear guidelines and recommendations, TNFD helps organizations integrate nature-related considerations into their decision-making processes and financial disclosures. This initiative seeks to enhance transparency, enable informed investment decisions, and drive the transition towards a more sustainable and nature-positive global economy.

After two years of design and development through an open innovation process, TNFD published its final Recommendations for nature-related risk management and disclosure in September. It consists of conceptual foundations for nature-related disclosures, a set of general requirements, a set of recommended disclosures structured around the four recommendation pillars of governance, strategy, risk and impact management, and metrics and targets. The Recommendations aim to inform better decision making by companies and capital providers, and ultimately contribute to a shift in global financial flows toward nature-positive outcomes and the goals of the Kunming-Montreal Global Biodiversity Framework.

5 https://tnfd.global/recommendations-of-the-tnfd/getting-started-with-tnfd/

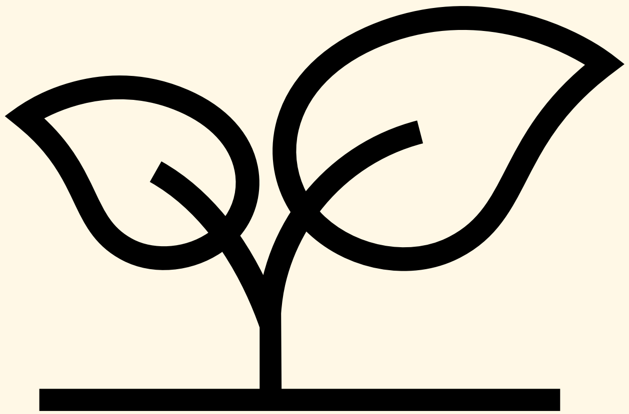


a.s.r. welcomes the publication of the TNFD Framework as it fits our ambitions with regards to biodiversity and transparency. a.s.r. is a signatory to the Finance for Biodiversity Pledge, a commitment to protect and restore biodiversity in the investment portfolio. To understand the impact of our investment portfolio on biodiversity, we participated in sector initiatives such as the Partnership for Biodiversity Accounting Financials (PBAF) and the biodiversity working group of the Dutch Central Bank's Platform for Sustainable Financing. a.s.r. also had the MSCI World – an important investment index - tested using the Biodiversity Footprint for Financial Institutions (BFFI) methodology.

In 2023, we gained a better understanding of different methodologies for measuring biodiversity impacts and created a tool. This tool enabled us to perform a first assessment of the impact and dependencies in our portfolios. We will publish the results in our combined climate and biodiversity report over 2023, using the TCFD and, for the first time, the TNFD Framework.

a.s.r. amongst founding members of Nature Action 100

In September, Nature Action 100 published the list of companies it will start engaging with on the importance of nature and ecosystems restoration and preservation. Nature Action 100 is a global coalition of institutional investors dedicated to engaging with companies whose operations bear significant ecological consequences[6]. This initiative focuses on tangible environmental issues, exemplified by challenges like deforestation. It assembles the collective influence of its members, who serve as responsible stewards of their investments, to foster positive change. Nature Action 100 orchestrates dialogue and engagement with targeted companies, inspiring them to undertake substantial measures.



6 https://www.natureaction100.org/

For instance, it prompts firms in the agricultural sector to implement sustainable land-use practices, thereby curbing deforestation risks. By leveraging this coordinated effort, Nature Action 100 endeavors to mitigate financial risks tied to unsustainable environmental practices and instill a culture of long-term sustainability in the corporate landscape.

In September, Nature Action 100 unveiled a list of 100 companies in key sectors in which the institutional investor participants will engage. The investors participating in Nature Action 100 have kicked off the initiative's engagement phase by sending letters to the 100 companies, calling for urgent and necessary actions to protect and restore nature and ecosystems and thereby mitigate financial risk. In June, Nature Action 100 published a set of expectations for companies regarding their ambitions for protection of nature. The expectations outline six actions that investors will call on companies to take related to the areas of: Ambition, Assessment, Targets, Implementation, Governance, Engagement.

a.s.r. was amongst the founding members of Nature Action 100. The approach fits the active approach to biodiversity that a.s.r. takes with regards to biodiversity. Within our investment portfolio, we favour companies that outperform sector peers on the biodiversity theme. Companies involved in major environmental disasters involving loss of biodiversity may be excluded. When we see risks in the areas of deforestation, agriculture and pollution, we engage with companies. And through impact investments, we try to make a positive contribution. For example, we invest in innovative techniques to counteract the use of pesticides in agriculture, we invest in biological agriculture and protection against soil erosion, but also in companies that develop plant-based meat substitutes and cultured meat and thus counteract deforestation caused by soy production.

Active ownership

Deep sea mining

In July, a.s.r. was amongst the 36 signatories of a statement on deep-sea mining. The statement addressed governments and urged them to protect the ocean and not proceed with deep-sea mining until the environmental, social and economic risks are comprehensively understood, and alternatives to deep-sea minerals have been fully explored. Besides financial institutions, other stakeholders, such as seafood groups, scientists, the UN high commissioner for human rights, and Indigenous groups have also called for a halt to deep-sea mining.

Deep-sea mining refers to the extraction of minerals from the ocean floor below 200 meters, which constitutes over 95% of the planet's biosphere. There is a widespread concern in the scientific community regarding deep-sea mining and the irreversible impact it could have on delicately balanced and sensitive, deep ocean ecosystems. Permitting extraction in this uncharted territory would not only destabilise fragile marine ecosystems but also undermine the very foundations of a circular ocean economy.
For long-term investors like a.s.r., the ocean is worth more than just the value of its finite resources. In our view, the intrinsic long-term benefits of a healthy ocean far outweigh any short-term incentives offered by deep-sea mining[7].

7 https://www.wri.org/insights/deep-sea-mining-explained

The statement was released just before the start of the annual meeting of the International Seabed Authority (ISA), an organisation that governs and regulates activities in the seabed, ocean floor, and subsoil beyond national jurisdiction. Member states meet annually to discuss and formulate the work of the Authority and its Secretariat. The meeting in July ended with no green light for the start of industrial-scale deep-see mining and with a last-minute agreement to continue formal discussions next year.

Update Phase 2

a.s.r.'s exit and phase-out strategy for fossil fuel investments was announced in 2021. Our strategy has three distinct phases, the first of which was implemented in 2021, resulting in an immediate zero tolerance for companies deriving revenues from the mining and production of thermal coal, one of the dirtiest fossil fuels. We also set an exclusion threshold for companies with more than 5% of revenue from unconventional oil and gas.

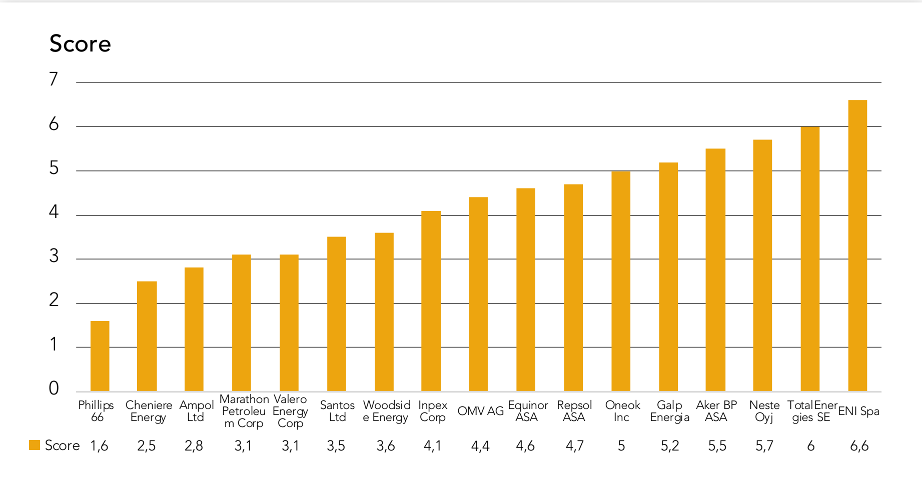
Our Phase 2 started in 2022 and covers all conventional oil and gas companies in the portfolio. For these companies, we have started an intensive engagement process where we regularly assess and monitor the extent to which these companies are operating in line with the Paris Agreement goals. We do this using a combination of tools to assess companies' climate targets, carbon emissions and reductions, and their current climate strategy. Last year, a.s.r. joined the Dutch Climate Coalition, a group of Dutch asset managers with similar fossil fuel strategy objectives. a.s.r. attends and organises regular meetings with all oil and gas companies in the portfolio to monitor their climate actions and targets.

We have been having engagement meetings with most of the companies in portfolio with the purpose to align these companies with the Paris Agreement. Topics we have been discussing involves addressing a range of vital topics, including emissions reduction commitments, diversification of energy sources with a focus on low-carbon and renewable energy solutions, consideration of carbon capture and storage technologies and mitigation of methane emissions. These discussions play a pivotal role in encouraging the industry to transition toward cleaner and more sustainable energy practices while fulfilling the objectives outlined in the Paris Agreement.

We have developed a methodology with different methods to assess the sustainability performance of different companies. In our scoring methodology we included the following methodologies:

- Implied Temperature Rise (TRI): this provides an indication of how companies and investment portfolios align to global climate targets. TRI takes into account the sector, current carbon performance, the carbon budget and the projected carbon emissions.
- The Transition Pathway Initiative (TPI): is a global program and a collaborative effort among several institutions and organizations aimed at assessing and promoting the alignment of companies with the transition to a low-carbon economy. TPI primarily focuses on companies within high-emission sectors, such as energy, materials, and industrials, and evaluates their readiness and progress in addressing climate change and the transition to a sustainable, low-carbon future.
- The Energy Transition Score: this metric measures a strategic approach to reduce emissions and may indicate that companies are already moving in a favorable direction when it comes to undertaking climate action, while the actual carbon footprint grade may be still problematic.

The following table shows the scores that reflect the sustainability performance of the remaining oil and gas companies in our portfolio. At the end of 2024, we will decide whether these companies meet the conditions for Paris alignment. If not, this will lead to divestment and exclusion.



Currently, we see that only a handful of companies have a score higher than 5. ENI Spa is the best performer with a score of 6.6, followed by TotalEnergies with a score of 6. The higher the score, the more likely it is that the company can demonstrate that its current strategy, decarbonisation targets and activities are Paris-aligned.

Some of the real laggards are Phillips 66, Cheniere Energy and Ampol. These companies seem to have very little or no climate ambition, limited or no ambitious targets and no clear decarbonisation strategy.

We regularly monitor all these companies and hope that our engagement efforts will lead to more ambitious climate plans, which will ultimately result in a better score in the scoring tool.

Engaging on Biodiversity

a.s.r. participated in the IRBC working group on biodiversity. The "IRBC," which stands for International Responsible Business Conduct, represents a critical framework in the realm of global business practices[8]. IRBC encompasses a set of principles, guidelines, and standards that encourage companies and organizations to conduct their operations in a responsible and ethical manner, both domestically and internationally. This approach is founded on the belief that businesses should not only pursue profit but also consider their impact on society, the environment, and various stakeholders. IRBC aims to promote sustainability, human rights, and environmental responsibility, while fostering transparency and accountability within the corporate world. It is a multifaceted concept that underscores the significance of businesses aligning their operations with broader social and ethical goals on a global scale.

Within the IRBC agreement for the insurance sector, the Steering Committee annually determines a topic which will receive special attention. For 2021/2022, this was biodiversity. The biodiversity working group was established for the purpose of developing the annual topic. Therefore the group has jointly decided to start a collective engagement process at:

- Prevention and limiting biodiversity loss (do no harm)
- Promoting and working on strengthening biodiversity (do good)

8 https://www.imvoconvenanten.nl/en/insurance/convenant/-/media/C5BC7BE0EDA846F7B-D4A556C421A0331.ashx

Geography and Engagement Objectives

The working group had to choose a geographic focus and the Amazon and Cerrado in Brazil were chosen, due to their significant threat of biodiversity loss. In addition to this, this area is linked to Europe's intensive livestock farming industry, which is the second largest importer of soy from Brazil after China.

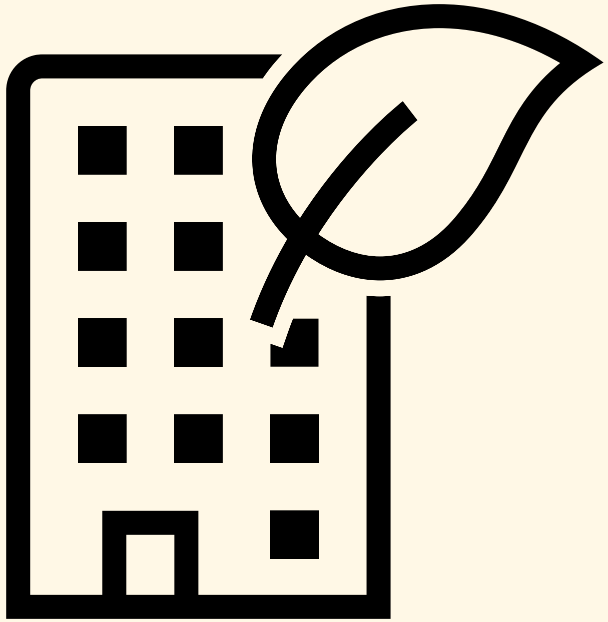
The engagement involved three companies in the dairy and meat processing industry: Unilever, Danone and Nestlé. The engagement was based on the following objectives:

1. The use of sustainable soy, both directly and indirectly as feedstock, in the company's products and its origin and contribution to deforestation.
2. The company's vision on the transition to locally sourced animal feed, and the plans and efforts the company is undertaking to realise this vision.
3. The company's vision on nature-inclusive circular farming, and the plans and efforts the company is taking to realise this vision.
4. The company's vision and plans to move towards a different protein product selection, expanding the company's portfolio of plant-based products.

Process

In 2021, the selected companies were invited to discuss the companies' actions and progress in relation to the engagement goals. Following the companies' responses, engagements calls were held throughout 2021 and 2022. The working group used the information provided by the companies in engagement calls, information provided in writing, information published by the companies on their websites and in annual and sustainability reports, etc., information provided by ESG research provider Sustainalytics and information available in the public domain. Based on this information, the working group drafted an overview, summarizing the efforts per individual company.

This overview – the KPI Framework – was shared with the companies for review. Based on the companies' responses, an individual assessment, conclusions and subsequent recommendations were made per company. The working group's composition has been considered highly beneficial during the analysis and conversations with the companies. The working group members, representatives of NGOs and the insurance sector, combine knowledge on the key areas of focus: sustainability of raw commodity supply chains, nature-inclusive circular farming and the protein transition. The working group's findings and recommendations are based on the aforementioned process, the information used and available sources. The working group exercised the greatest possible care in collecting and processing the information and in drafting its recommendations. The working group, however, cannot guarantee that all the information in this publication is a complete representation of all the companies' public communications.



Insights

The working group members concluded that the companies generally disclose sufficient information regarding their policies, targets and progress in the areas of biodiversity and deforestation. The level of detail in the information provided differs between the companies as well. Despite extensive analysis of standing company policies, it was difficult to get a good overview of the progress of the three companies on the stated engagement goals. Although the companies are often considered among the leaders in ESG disclosure, public information on these particular issues can be further improved, especially with regard to goals 2, 3 and 4, where we need to see clearer targets, KPIs and timelines. For this reason, the working group decided to draw up Key Performance Indicators (KPIs) for the four engagement goals and assess the companies on these goals based on their current publicly stated company policies. The KPI framework was used as a guidance and reporting document for the collective engagement trajectory. These findings were then presented to the companies in question, giving them the opportunity to respond and make additions. This resulted in the following KPI framework, that has five indicators:

1. What are the current policies in place and what publicly available policy documents reflect the company policies on this particular subject?
2. What are the goals, targets and/or milestones that follow from these policies?
3. What are the KPIs that follow from these goals, targets and/or milestones (including baseline/reference, cut-off dates, current status and 'gap-to-target')?
4. Are the aforementioned targets and KPIs subject to third party validation?
5. To what extent are these targets and KPIs reflected in the renumeration policies (or similar instruments) of senior management?

The working group has asked the companies to include the KPIs as standard in their public policies, so that it is made clear to investors and other stakeholders how these companies are working to not only make soy production more sustainable, but also to reduce the demand for soy from the dairy and meat processing industries. Both sides of this coin can prevent deforestation, thus helping to protect biodiversity.

Conclusions per company

Danone

During the engagement trajectory with Danone (from October 2021 to December 2022), it became clear that Danone was in the process of drafting a new set of Sustainability Indicators. Because of this, the representatives of Danone whom the working group spoke with could not share any specific details on targets or on KPIs. The working group did offer to provide input on the new set of Sustainability Indicators, which was welcomed by Danone. However, there was no follow-up from Danone's side. After several attempts to contact Danone for an adequate wrap-up of the engagement process, with no response, the working group concluded that the company was no longer interested in this particular dialogue. In its most recent report covering 2021 (published March 2022), Danone's Mission Committee informed its stakeholders about a strategic review initiated by Danone's Management. The Mission Committee described how it has sought to provide input for the new 2025 set of goals, which resulted in a set of KPIs (which included the percentage of Danone's farmers transitioning to regenerative agriculture) and described that it was now up to the new management 'to set specific targets for each of the indicators and design a trajectory towards achieving them'. The Working Group strongly recommended that the KPIs as set out by the Mission Committee be integrated in the new 2025 set of goals by Danone's management.

Nestlé

The dialogue with Nestlé has been elaborate and the working group has engaged with different experts within the company. Nestlé sees halting deforestation and the transition to sustainable agricultural practices as a means to reduce negative climate and biodiversity impacts as a priority. However, there are still many hurdles on the road ahead. One of the main challenges regarding soy sourcing is the screening, measurement and target setting around indirect soy use, which is a significant part of their total soy sourcing. In addition, Nestlé prioritizes the transition to regenerative agricultural practices and aims to have 20% of their key ingredients sourced through regenerative agriculture in 2025. They want to take the lead in developing standards and certification in that area, but we see a clear risk due to the fact that targets, policies and pilots are lacking clear indicators for the results that regenerative agriculture should deliver in relation to climate and biodiversity. This makes it difficult for investors and other stakeholders to track and interpret the concrete climate and biodiversity results of Nestlé's efforts through the application of regenerative agriculture practices. Furthermore, Nestlé sees plant protein products primarily as an opportunity to expand and grow the business in several markets. The working group has stressed that we expect Nestlé to actively contribute to a shift in balance between animal- and plant- based protein, as a growth in both segments would pose a risk for climate and biodiversity impacts.

Unilever

Unilever has a clear target to ensure a deforestation-free supply chain by 2023. This includes freeing its entire soy supply chain from causing deforestation, aiming to source only sustainable and traceable soy.
With regard to the direct sourcing of soy, Unilever is making good progress towards the 2023 deadline. Unilever is a member of the Round Table on Responsible Soy and the Cerrado Manifesto, and several other (local) partnerships to halt deforestation. The ambition to ensure a deforestation-free supply chain by 2023 covers not only soy, but also includes other commodities often associated with deforestation such as palm oil, paper and board, tea, and cocoa. Unilever provides a comprehensive overview of its sourcing practices and for direct soy, the company provides a list of the soybean suppliers used, allowing for transparency as to the origin of the soy used. Progress regarding Unilever's deforestation-free supply chain is monitored, e.g. by means of self-reporting of deforestation-free commodity volumes in 2022 and independently verified volumes in 2023. Many of the remaining challenges are in the area of embedded soy use (approximately 33% of total soy use). The company has considerable work to do regarding its indirect soy use, before the deadline of the end of 2023.

Looking at the more systemic solutions to reduce the deforestation pressures from the demand for soy from Brazil, Unilever's efforts can and should be further enhanced. The prime solution now is to source soy from the US. The company has some pilots for alternative, locally sourced animal feed, but this is early stage and small scale. The same goes for more sustainable farming methods. The company also bought its stake in the growing market for alternative protein products. Although this business is growing, the working group advocates an alternative protein policy, subsequent roadmap, and related targets and progress indicators in relation to the decline of animal protein in products, to be combined in a cohesive program within the company's wide array of sustainability initiatives.
All in all, although Unilever may be among the industry leaders in fighting deforestation, it also can – and has to – accelerate its efforts to turn the tide for biodiversity loss by 2030. With executive remuneration being linked to sustainability, the working group advocates a continued, albeit more granular, disclosure of progress of the company's deforestation-free commitments subject to independent, third-party, verification.

Statement on Tobacco

a.s.r. asset management, together with 56 other financial institutions - including Dutch parties Achmea, ABN Amro, NN and VGZ - signed the declaration 'the urgency of tobacco control'[9]. This declaration was offered at the United Nations General Assembly. It has long been clear that tobacco has a negative impact on the global community. The cost to both healthcare and lost productivity is estimated at $1.4 trillion a year.

We decided back in 2007 to exclude tobacco production and distribution from our SRI policy, as we believe that tobacco is a product that has no place in a sustainable society due to its negative impact on health and the planet. By signing this declaration, the signatories seek to persuade member states to speak out for implementation of the World Health Organisation's Framework Convention on Tobacco Control (FCTC).

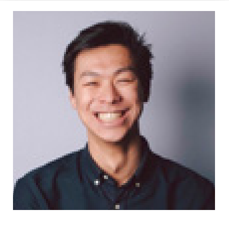
This framework focuses on the following aspects:
1) monitoring tobacco use and prevention policies
2) protecting people from tobacco smoke
3) providing help to quit tobacco
4) warning about the dangers of tobacco
5) enforcing a ban on tobacco advertising, promotion and sponsorship
6) increasing taxes on tobacco.

Signing this declaration is a great way to fulfil our role as a responsible investor and use our influence to encourage countries to move in a more sustainable direction.

9 https://nieuws.achmea.nl/financiele-instellingen-pleiten-bij-vn-lidstaten-voor-snellere-vooruitgang-bij-tabaksontmoediging/

Other news

New Colleagues



Lex

Lex Poon joined a.s.r. asset management in July as a Data Scientist. He has completed his master's degree in Data Science at the University of Amsterdam and is currently part of the IT Traineeship program of a.s.r., where he has done several rotations in the field of IT. He joined a.s.r. due to the opportunity to work in different teams while constantly developing his skills through training. During his traineeship, he moved toward the field of Data Science at a.s.r., as he prefers the combination of analytics and programming while working with the newest technologies. His main goal for the data science projects he has done in the past is to move projects into production. During his last rotation, Lex will work with the ESG team on exploring the potential of Large Language Models (LLM).

Annelien

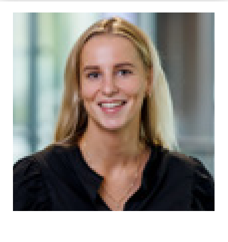
Annelien van Meer joined a.s.r. asset management as senior advisor sustainable investing in October. She is an experienced professional in the area of sustainable business and sustainable finance with a specialisation in human rights. For over 15 years she has been working with multinational companies, inside and outside the financial sector, to accelerate the transition to a sustainable and inclusive economy. During her career, she has been based in The Netherlands and in Sweden. Before joining a.s.r. asset management, she was sustainability manager at a.s.r. (ASR Nederland), where she was, amongst others, responsible for the sustainability strategy of a.s.r.

Graeme

Graeme Sharpe joined a.s.r. asset management in September following a.s.r.'s acquisition of Aegon NL. At Aegon NL, Graeme was the company's Responsible Investing Lead, where he helped them to invest more sustainably and to create their Climate Action Plan. At a.s.r. asset management, Graeme is part of the ESG Team, where he will help to develop their responsible investing approach and seek out ways to create even more impact from the combined assets of a.s.r. and Aegon NL. Prior to working for Aegon NL, Graeme worked in the multi-asset team at Aegon Asset Management and at an actuarial consultancy firm in the UK. He is originally from Scotland, where he studied at the University of Glasgow and graduated in 2011 with a Bachelor in Accounting and Finance (with Honours).

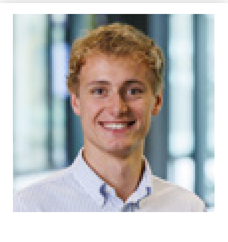
Gerben

Gerben Rozendal has joined a.s.r. asset management in October as ESG specialist. Before he was active for BrightPensions N.V., a third pillar pension provider where he was responsible for the portfolio management with an emphasis on sustainability and the SFDR regulation. During this time, he got more acquainted with data and programming in relation to ESG. The opportunity to dedicate a full-time position in this field of work made him decide to join the ESG team. Within a.s.r. asset management he aims to further develop his skills and contribute to the many projects. His focus area will be on data and regulations.



Emilia

Emilia Leijnse started as a Data Specialist in the ESG Team for a.s.r. asset management this October. She recently finished her master's in Earth Sciences where she focused on studying and modelling different processes on the Earth's surface under the influence of climate change. Before starting at a.s.r., she worked part-time for the EU's Green Deal Dataspace project. In the ESG Team, Emilia will mainly focus on assessing the carbon footprint, impact investing and the 'Best in Class' framework for sustainable investments.



Bob

Bob Weekenborg joined the ESG team at a.s.r. asset management as a working student in September. He studies both Economics and Business Economics, and Econometrics at the Erasmus University in Rotterdam. After completing the first bachelor, he is using the opportunity to explore the field of sustainability in finance before resuming his studies. He is applying both quantitative and qualitative skills to research and assess companies regarding carbon footprint and biodiversity.

Don't Bank on the Bomb: a.s.r. in hall of fame

Every year, peace organization PAX investigates the extent to which the international financial sector is involved in the financing of nuclear weapons. More than 100 financial institutions have now been identified having made policies to exclude nuclear weapon-related investments, as shown in the latest report "Moving Away from Mass Destruction: 109 exclusions of nuclear weapon producers", a Don't Bank on the Bomb report by PAX and ICAN a.s.r. expressly excludes arms producers and dealers in its investment policy.

This research shows that more and more financial institutions are not involved in financing companies that are active in the production of nuclear weapons. The important drivers mentioned are the increasing integration of ESG criteria in investment policy, the entry into force of the UN Treaty on the Prohibition of Nuclear Weapons (TPNW) and new regulations in the European Union to make the financial sector more sustainable.

These financial institutions take their responsibility to end the financing of the companies that produce nuclear weapons, which pose a huge threat to people and the environment. The PAX report identifies 55 financial instituti-ons that meet all nuclear weapons exclusion criteria and are listed in the Hall of Fame. In addition, 54 financial institutions are mentioned that almost meet these PAX criteria and have been included in the Runners-Up list. Once again a.s.r. included in the Hall of Fame by PAX because of the a.s.r. exclusion policy for nuclear weapons.

More information?

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