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# MONITORING & CERTIFICATION OF SRI INVESTMENT PORTFOLIOS CERTIFICATION STATEMENT 2<sup>nd</sup> SEMESTER 2023

To the Portfolio Managers of a.s.r. Financial Markets Department,  
To the a.s.r. Certificate holders:

Forum ETHIBEL asbl<sup>1</sup> is appointed by a.s.r. to execute independent monitoring and certification of the Socially Responsible Investment (SRI) investment portfolios of a.s.r. The screening covers all a.s.r. investments in securities issued by so-called corporates, both from Equity and Fixed Income portfolios, with the possibility of 'look through'.

## Set-up

a.s.r. performs a bi-annual screening of its portfolio based on its **SRI policy**, as stated below<sup>ii</sup>. The SRI policy is based on the criteria applied to the Ethibel Investment Register of which the methodology is elaborated by Forum ETHIBEL. The register is maintained by an independent advisory body and relies on Moody's ESG data.

In order to safeguard the objectivity of the SRI screening, a.s.r. has appointed three external parties:

1. **Moody's ESG**, to implement the bi-annual 'Extended Exclusion' screening of the investment portfolio.
2. **MSCI**, to further enhance the screening of **Moody's ESG**.
3. **Forum ETHIBEL**, to screen the conformity of the a.s.r. portfolio with the SRI policy and with the Investment register and to audit the implemented engagement policies and to summarize its conclusions into a semestrial Certification Statement.

Moreover, **Moody's ESG** is entitled to screen the concerned portfolios twice a year following an "**Extended Exclusion**" methodology defined by mutual agreement between a.s.r. and **Moody's ESG**.

The **Extended Exclusion Criteria** can be divided in two main categories:

1. On the one hand a.s.r. abstains from investing in companies complicit in systematic and/or gross violation of the following UN Global Compact principles: Fundamental Human Rights principles, Labour Right principles and the Environmental principles.
2. On the other hand, a.s.r. chooses to exclude companies involved in the following activities:  
Coal mining, gambling, tobacco and armaments: zero tolerance.  
Nuclear energy: excluded if the involvement is  $\geq 50\%$   
Unconventional oil & gas: excluded if direct involvement is  $\geq 5\%$   
Coal-fuelled power generation: excluded if the involvement is  $\geq 20\%$

The **Moody's ESG** analysis results in the following possible recommendations:

1. Acceptable
2. Negative advice
3. Watch list
4. Not transparent (non-researchable due to considerable level of complexity, uncertainty or lack of transparency)

**Moody's ESG** does not provide recommendations on non-corporate investment lines. Sustainability information on some issuers is not available from **MSCI** nor **Moody's ESG**. These issuers represent of the total 0.01% AUM.

As a guide to **positive stock picking** and in order to align with the principles of SRI Policy, **Ethibel** transfers updated **Ethibel Investment Register** to a.s.r., with the purpose of assessing and quantifying the portfolios' SRI conformity. All portfolios are subject to this positive screening and catalogued "**SRI Plus**".

The extent of the engagement procedure and the implementation modalities were updated in 2021. The **Engagement Policy** is an extension to the overall SRI exclusion criteria, aiming at maximising a.s.r.'s efforts on the commitment to spread sustainable practices. An example is the engagement with oil & gas companies to make them pursue the goals of the Paris Agreement. The engagement projects have concrete objectives and

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timelines. This enables for adequate assessment whether the objectives have been achieved. On a semi-annual basis, an evaluation is conducted on the effectiveness of the activities.

As a consequence of the adopted engagement policy, a negative advice (“NO”) may be turned into “compliant” by four kind of actions: (i) sale of the position, (ii) start-up of an engagement process, (iii) transition period of 1,5 years after the engagement process has been finalised, (iv) expiration of the position, in the case of corporate bonds with a maturity below 2 years or call date within 2 years. For oil & gas companies the engagement process is intended to allow companies to become Paris-aligned by 2024. Non-aligned companies that will be fully disinvested in 2024 have now been identified.

**Forum ETHIBEL** performs three tasks:

1. On the level of the “Extended Exclusion” portfolios: assure the conformity of the **a.s.r.** portfolios with the recommendations of Moody’s ESG and MSCI and the compliance with the ethical criteria for the portfolios in scope. In order to verify this compliance, the portfolio’s positions are screened on the reference dates of June 30<sup>th</sup> and December 31<sup>st</sup>.
2. On the level of the “SRI Plus”: monitor and quantify the level of compliance of the investment positions of the portfolios in scope as mentioned above, with the Ethibel Investment Register.
3. On the level of “Engagement”: audit whether all procedures and commitments are being met, in terms of concrete targets, boundaries and effectiveness evaluation.

## The 2023/2<sup>nd</sup> semester verification

The audit has been executed in full accordance with the contract conditions and determinations. While processing the audit, all our additional inquiries were answered, and requested information has been provided by **a.s.r.** This certification declaration is based on the portfolio positions of the 31<sup>st</sup> of December 2023. All positions have meticulously been investigated.

**Forum ETHIBEL** has checked the “Engagement dossier”, containing the description of objectives and targets, the relevant mails and meeting documents, the internal status reports and assessments.

## Conclusion

Based on the above listed controls and observations, we declare that **a.s.r.** invested the portfolios in scope in full compliance with the “Extended Exclusion” criteria.

On the level of “SRI Plus” 17.53% of the total AUM is in line with the Ethibel Investment register.

For some shares, an Engagement process is on-going, for which **a.s.r.** has provided evidence and details. The proportion of the portfolio with a negative advice given in the previous SRI screening according to the SRI policy, for which the **a.s.r.** has decided to undertake an engagement process to realize possible improvements amounts to **0.63%**. These include companies involved in unconventional oil & gas and companies involved in UNGC violations.

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<sup>i</sup> **Forum ETHIBEL** is a Belgian independent association, created in 1992 and recognized as an expert in rating, independent audits and certification of products and services that meet ESG and ethical standards ([www.forumethibel.org](http://www.forumethibel.org))

<sup>ii</sup> <https://www.asrneland.nl/over-asr/duurzaam-ondernemen/duurzame-belegger>