a.s.r.
asset
management

ESG Update H1 2024

a.s.r. asset management

Introduction

In the first half of 2024, AVB proudly published its new Policy on Responsible Investments and announced new, more ambitious climate and impact investing targets. An updated AVB Sustainability Strategy has also been created and will be published soon. This strategy outlines the goals and principles that form the backbone of our new Policy. In this ESG Update we will inform you on the main changes in the policy and the targets.

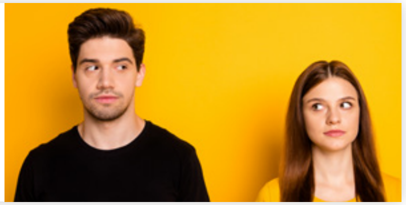
In this update

New Policy on Responsible Investments

New climate and impact investing targets

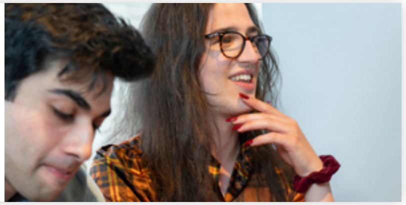
Climate

Impact investing



Active ownership

Collaborations



New Policy on Responsible Investments

At the end of June, AVB published its new Policy on Responsible Investments, replacing the former Socially Responsible Investment (SRI) Policy. This new policy is a significant step forward in explaining our approach and defining how use different tools, such as exclusions or engagement, in practice. It also defines clear expectations for the external investment managers that we appoint to manage a portion of our clients' assets.

The new Policy is built around the three goals:

Reduce harm
We aim to minimize negative impacts on people and the planet from our investment decisions. We do this by setting clear boundaries and minimum standards that all investments must meet.

Drive change
We aim to be a positive force in the world, using our influence to drive positive change for people and the planet. We do this by investing on behalf of our clients in companies and countries that we consider have the potential to become more sustainable and demonstrate a commitment to doing so. We also engage with companies and policy makers, highlighting areas where they need to improve, and provide them with the capital they need to make the transition.

Create positive impact
Part of our AuM is allocated to impact investing. We aim to create positive impact by investing in companies and projects that are crucial for building a more sustainable world. This includes making investments in renewable energy, sustainable agriculture, accessible healthcare, or social housing. With these investments, we aim to generate positive and measurable environmental and social impacts.

In line with our ambition to deliver meaningful change and real impact, the new Policy defines four focus themes where we will concentrate our efforts going forward. These themes, which are summarised below, will now be at the heart of our active ownership and impact investing activities.
- Climate change and the energy transition: We are committed to taking action to mitigate the worst impacts of climate change and help our society become resilient to its effects.
- Biodiversity and natural resources: We aim to protect and restore our planet's biodiversity and to promote the sustainable use of its natural resources.
- Health and well-being: We believe in supporting companies and projects that improve people's health and well-being, recognizing that these are fundamental to quality of life.
- Human rights: We stand for the protection and promotion of human rights, understanding that they are the foundation of a just and equitable society.

New exclusions

We have strengthened our exclusions within climate change and biodiversity by from now on excluding:

- Companies producing or distributing palm oil from unsustainable sources and;
- Companies managing forests in an unsustainable way;
- Companies developing new thermal coal mines or extending existing mines;
- Also, we have lowered the threshold for electricity powered coal production from 20% to 5% of revenues and exclude companies developing new coal-fired power generation capacity of at least 100MW.

These additional exclusions contribute to our goal to reduce harm in those sectors and activities where we have the most impact in our portfolios. In the coming months we will publish position papers on each theme further elaborating on the main impact, risks and opportunities we see in our investment portfolios.

New climate and impact investing targets

Following the acquisition of Aegon Nederland in 2023, a.s.r. announced new targets for the combined business at the 2024 Capital Markets Day. These include ambitious new ESG investment targets aimed at further reducing financed greenhouse gas (GHG) emissions and increasing exposure to investments with positive, real-world impact.

Carbon Reduction

- 25% reduction in carbon intensity by 2030 compared to 2023

Impact Investing

- At least 10% of AuM in impact investments by 2027
- Minimum of €2 billion invested in impact investments with social impact
- Maximum of 50% allocated to labelled bonds

The new a.s.r. carbon reduction target uses 2023 as the base year, instead of 2015, which was the base year for the previous carbon reduction target (65% reduction in carbon intensity by 2030 compared to 2015). a.s.r. opted for a different base year for several reasons, including regulatory requirements concerning new climate targets and the desire to choose a reference point that accurately reflects the situation after the Aegon Nederland acquisition. a.s.r. had already achieved its previous 2030 target in 2023, so the new target represents an increased ambition level.

AVB helps a.s.r. achieve to achieve its 2030 carbon reduction target by actively managing a.s.r.'s own account investments in sovereign bonds, listed credits, and listed equities.

AVB also agreed new climate targets that, in addition to a 2030 carbon reduction targets, include a 2040 carbon reduction target and a commitment to achieving net-zero financed GHG emissions for all clients by 2045. AVB's new climate targets are presented below.

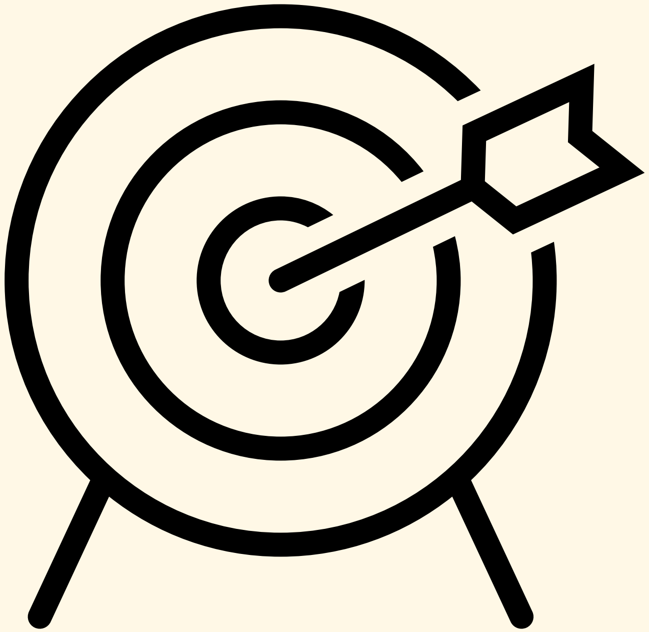
Year	AVB climate targets	Equivalent targets with 2015 baseline
2030	25% reduction in carbon intensity in 2030 versus 2023[1]	70% reduction in carbon intensity in 2030 versus 2015
2040	70% reduction in carbon intensity in 2040 versus 2023[2]	90% reduction in carbon intensity in 2040 versus 2015
2045	Net-zero financed GHG emissions[2]	

1 Scope: a.s.r. internally managed own account investments in sovereign bonds, listed credits and listed equities
2 Scope: All investments

Science Based Targets

At the 2024 Capital Markets Day, a.s.r. announced its commitment to setting Science-Based Targets. These targets will complement the carbon reduction target that a.s.r. has set and will be established for specific asset classes in line with the Guidance for Financial Institutions published by the Science Based Targets Institute (SBTi).

AVB will work with a.s.r. to set science-based targets for its own account and client investments in the coming period. We look forward to updating you in the future as we progress through the target-setting process.



Climate

Carbon footprint of our funds

The a.s.r ESG fund range covers sovereign bonds, Euro credits, Euro, US and a range of equity funds. While already having a strict ESG policy for the overall investment process with in a.s.r. asset management, these ESG funds have additional guidelines on ESG indicators. Below an overview of the carbon footprint of the corporate ESG funds.

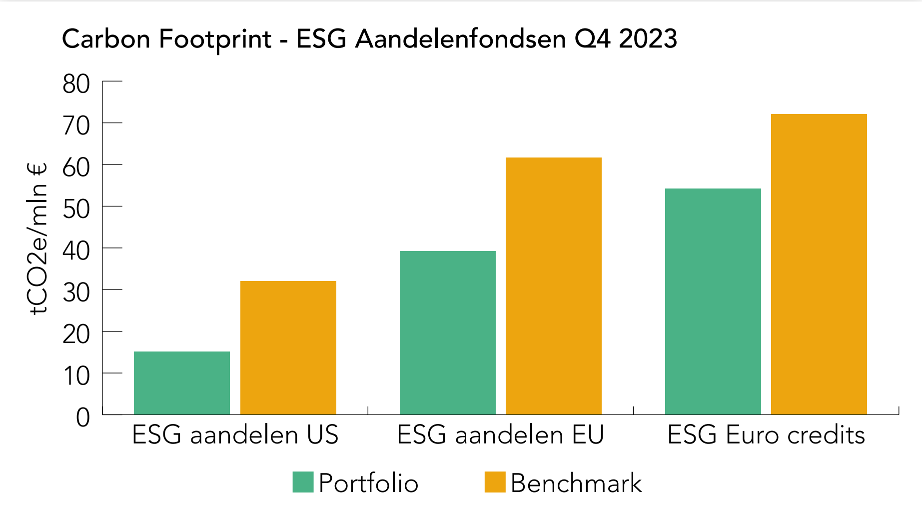


Figure: The carbon footprint of the investments' scope 1 and 2 emissions is calculated on a "best effort" basis with the available and most recent data from reliable sources, including MSCI ESG for corporates follows the PCAF guidelines. In Q2 2024, the methodology for calculating the carbon footprint of the investments underwent multiple updates, conform the most recent PCAF guidelines.

Impact investing

Closing the financial gender gap

The financial gender gap is a global systemic issue. According to the World Economic Forum, at the current rate of progress, it will take 169 years to achieve full financial gender parity. This disparity is evident in the significant gender pensions gap, with 67% of pensioners in poverty being women.

Through impact manager Rubio, we invested in Female Invest. Female Invest helps women improve their financial literacy, become more independent, reduce vulnerability to economic downturns, and ensure long-term financial security. With their platform, which currently has over 68,000 paying members, they offer accessible online courses, webinars, and articles on personal finance and investing. Additionally, they provide expert advice and a supportive community where women can share experiences and seek guidance. By offering tailored investment opportunities and fostering financial literacy, Female Invest empowers women to take control of their financial futures and achieve financial independence, contributing to greater financial equality. By 2025, Female Invest aims to enable actual investments through their platform. This holistic approach empowers women to benefit from the potential of compounding returns, ultimately reducing the gender investment gap and fostering greater financial equality.

Active ownership

Voting season 2024

The second quarter of the year always marks the 'high season' for shareholders' meetings. In recent years, there has been a clear trend where extra focus has been placed on ESG themes within shareholder proposals. A less positive trend is the turnaround that can be seen in ESG sentiment in the US. Examples such as ExxonMobil going to court to prohibit shareholders from voting on environmental goals have had their impact on the 2024 voting season.

ShareAction shows this in their report 'Voting matters', showing that only 8 of the 257 resolutions examined were adopted in 2023. This was largely driven by the increased reluctance of the big four asset managers (BlackRock, Vanguard, Fidelity Investments and Street Global Advisors).
At AVB, we recognise the importance of voting and believe that as a responsible investor, we can play an important role by using our voting policy to support developments in natural and social issues. In addition, we also believe that we – as a long-term investor – can steer towards long-term value creation in this way. We have adopted a more ambitious approach towards ESG shareholder proposals in Q1 2024. We were happy to see topics such as human rights and gender getting more attention in shareholder proposals.

IMVO 2.0

2023 marked the end of the 5-year cooperation between Dutch insurers, the Dutch government and NGOs within the IRBC Agreement (in Dutch: IMVO covenant). Insurers, including a.s.r., have taken important steps forward to make their investment policies more sustainable, in accordance with the OECD guidelines and UNGPs. At the same time, not all ambitions in the IRBC Agreement have yet been met.

All parties have agreed that five years of the IRBC Agreement forms a solid basis for complying with future RBC legislation and for further cooperation. Kees Vendrik, independent chairman of the agreement, also sees this and calls on the sector to continue to exchange best practices and dilemmas. Vendrik: "Continue to work with NGOs, the government and other stakeholders to continue to improve the due diligence process through concrete projects."

The monitoring committee published its final report during an IRBC meeting on 18 January at the Dutch Association of Insurers. During the meeting, the future was therefore discussed in detail and how the sector can design its investment policy even better in order to contribute to a sustainable world.

In the meantime, the Association is working with a group of insurers, including a.s.r., to set up voluntary, project-based cooperation on various themes in order to make a concrete impact. It is up to insurers to decide whether and in which projects they participate based on available capacity and knowledge. The results and impact achieved are public and published on www.verzekeraars.nl.

Collaborations

Plastic footprint

Plastic pollution is a huge problem, both for the environment as for human health. Increasingly research is showing how microplastics are impacting our bodies and causing diseases. For investors, getting insight of the plastic impact of a investment portfolio is a challenge. This is why a.s.r. asset management has started an exclusive pilot with the Plastic Footprint Foundation and EarthAction to measure the footprint of a selected investment portfolio. Over a period of 3 months, we will try to develop a plastic footprint method in which we map both the pollution (plastic pollution) and the health-related risks of plastic for a relevant investment portfolio. The outcome of this pilot and a possible follow-up will provide input for our engagement on the theme.

Collaboration with the UvA

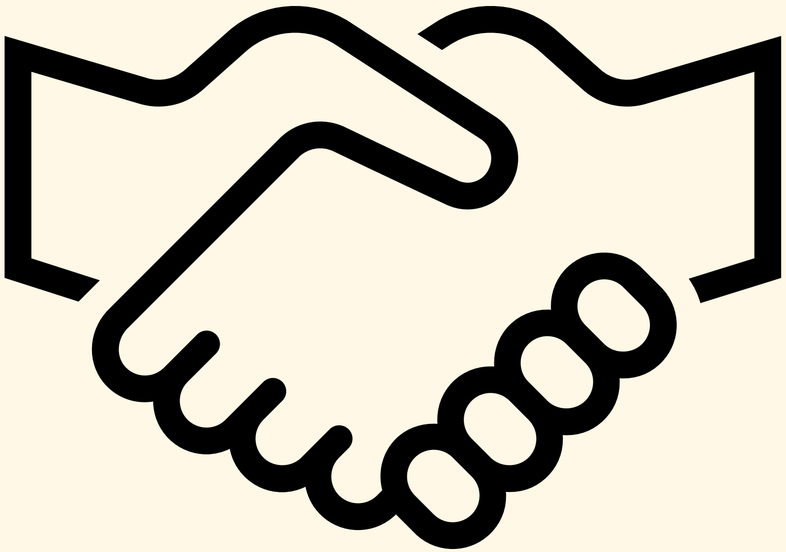
Almost a year ago, a.s.r. and the University of Amsterdam started the Research Centre for Sustainable Investments and Insurance (RCSII). So it's time for an update!

The Centre conducts research in three different lines of research, each with two separate sub-themes. Within the first theme: ESG risks in the real estate and insurance portfolios, a first Postdoc was hired. We hope to be able to welcome a PhD candidate for this line of research who will specifically deal with the ESG risks for the real estate portfolio.

For the research line on the quantification of the impact made with impact investments, the first PhD candidate has been hired. This person will focus on the sub-theme that deals with quantifying the impact of impact investments and will, among other things, use Artificial Intelligence for this. In addition, a vacancy is currently open for a Postdoc position that will focus on the identification of customer preferences on various impact metrics.

The third line of research will focus on the applications of AI to quantify alignment with the Climate Agreement among companies and to detect greenwashing. For the first sub-theme, alignment with the Climate Agreement, we are already well on our way to hiring a PhD candidate. For the second sub-theme, the detection of greenwashing, a Postdoc has started.

Because the research centre will exist until 2029, the aim is to fill the open positions in the coming year. The approach of the RCSII is to make an active contribution to sustainable investment and insurance that benefits both a.s.r. and other financial players and society. Regular meetings are organised between a.s.r. and the UvA, as well as with other interested parties, in order to share knowledge with each other and promote collaboration. One of these organized meetings was the public RCSII workshop on March 18th, as part of the SEEMS seminars (Seminars on Environmental Economics and Management of Sustainability), where 2 of our Postdocs gave an insight into their research and shared the latest results with us and other interested parties. More information about RSCII can be found on the website https://rcsii.eu/



More information?

Contact us at:

annelien.van.meer@asr.nl

mies.ligtenberg@asr.nl

graeme.sharpe@asr.nl

marjolein.meulensteen@asr.nl

a.s.r. asset management

Archimedeslaan 10

3584 BA Utrecht

www.asrvermogensbeheer.nl

ASR Vermogensbeheer N.V., K.v.K. Utrecht 30227237

39869EN_1024