



Quarterly ESG Update - Q1 2020

a.s.r. asset management

Positive

The worldwide impact of Covid-19 in the first quarter of this decade has become the new reality. The disruption of the global economy caused central banks and governments to provide financial support. We are restricted to work from home, social distancing and #staysafe. Scientists and political leaders are guiding us through these difficult times, where we're balancing between hope and fear. Being positive has received a cruel connotation these days. But it's impressive to see how people and businesses adapt, demonstrating their creativity and supporting the community. And also the a.s.r. sustainable investment policy has added value for our clients in different ways during this unprecedented period. So we have a number of positive news items in this quarterly related to the current crisis to share with you. #staypositive

Want to learn more about a.s.r.'s sustainable investing? Visit our [website](#).





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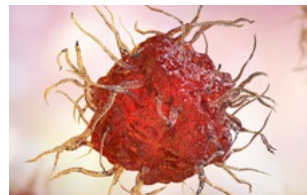
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ESG in times of Covid-19

Since Covid-19 made its way from Wuhan across the rest of the globe, people have been made very aware of the interconnectedness of today's world. Something as seemingly small as this virus has very quickly had massive impacts on the way people live their daily lives and their ideas about the future. Moreover, the impact on financial markets has been quick and substantial. Between February 20 and March 22, the S&P 500 dropped 1,100 points (32.97%) with many other global indices showing similar negative performance.

What's interesting to note is that global ESG strategies have reported comparatively more stable returns during this period of volatility^{1,2}. Also at ASR, where we incorporate ESG considerations as part of our focus on quality, we can see a comparative outperformance of our ESG IndexPlus strategies, for both Europe and the US, compared to their benchmarks³.

We believe our focus on high quality companies with strong balance sheets and stable cashflows has helped us outperform the benchmarks during these volatile times. We believe companies with a clear long-term strategy and ample financial room can make it to the other side of this crisis and we think ESG is an important part of the long-term strategy of a future winner. This crisis will increase the gap between the winners and losers we believe that only companies with enough financial flexibility and stable returns will be able to redeploy capital into low carbon production processes and invest in their human capital to increase their future competitiveness in the market.

1. "ESG funds continue to outperform wider market" – Financial Times (April 3, 2020)
2. "A New Social Contract – Sustainable investing during the Covid-19 crisis" – Schroders (March 31, 2020)
3. The ASR ESG IndexPlus Europe had a negative return over Q1 2020 of 20.64 percent, compared to 22.59 percent of its benchmark (MSCI EU net TR) while the ASR ESG IndexPlus United States had a negative return of 16.75 percent over the same period, compared to 17,92 percent of its benchmark (MSCI US net TR)

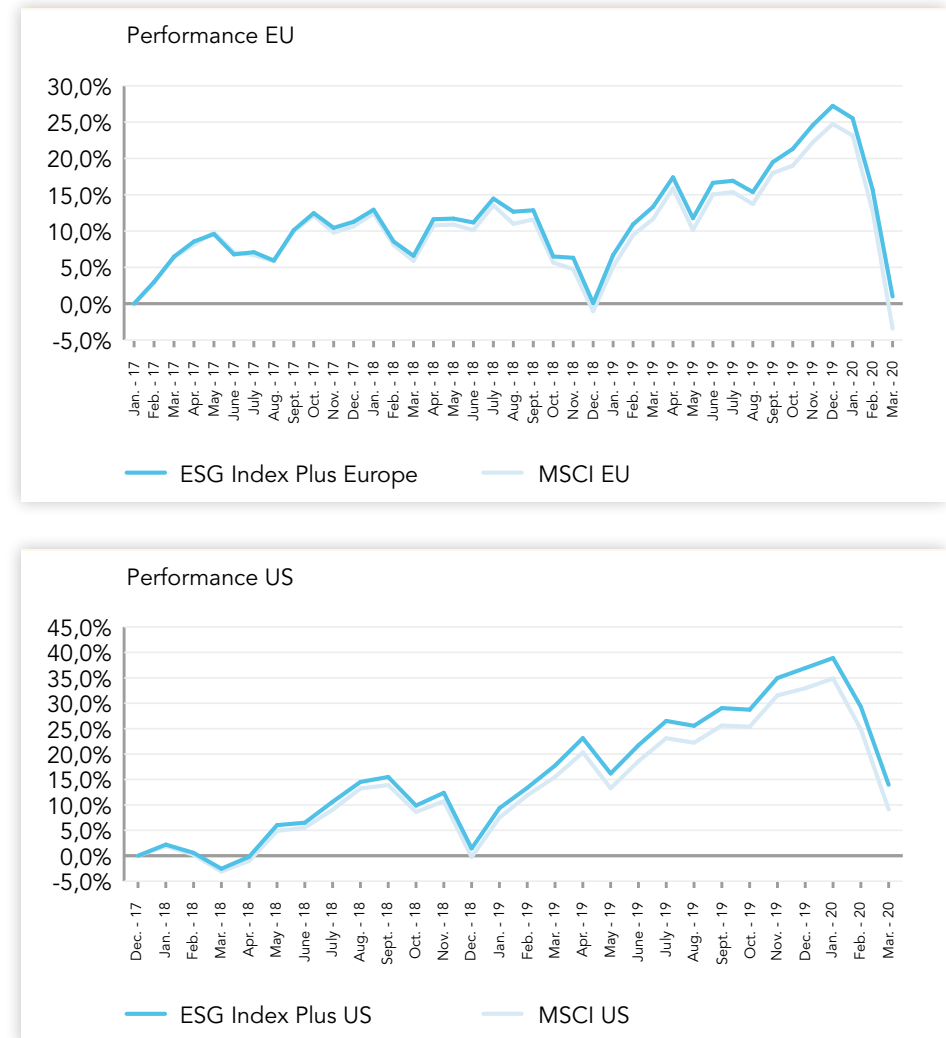


Figure 1: fund returns are gross based on GIPS standards.

Going forward however, it remains to be seen whether the (fiscal) measures being put in place to address the Covid-19 crisis will help or hinder the more widespread adoption of ESG measures within companies. The past shows us that there's a risk of business-as-usual continuing after a period of economic recession⁴. Let's learn from those mistakes.

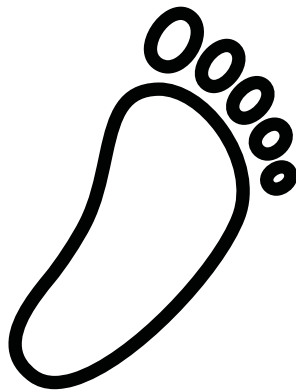


4. "Rapid growth in CO₂ emissions after the 2008-2009 global financial crisis" – Nature (December 4, 2012)

Climate and Energy Transition

CO₂-footprint of our investments

At the end of the fourth quarter of 2019 we were well on track for our target of measuring the carbon emissions for at least 95% of the a.s.r. investment portfolio (for own account) by 2021. In this quarter we were able to increase the carbon footprint calculation of the a.s.r. Real Estate portfolios. During the year we calculated a significant amount of our Dutch mortgage loans and Real Estate portfolios. The calculations for our Dutch mortgage loans portfolio were made with PCAF methodology in a pilot with CBS. This will give us a better insight into the actual consumption of gas and electricity (conventional 'grey' or green) per calendar year and associated CO₂ emissions. The calculations were made with data from end 2015 and 2016, the most recent available at the moment. We are still evaluating the results within PCAF.



a.s.r. ESG fund range

In 2017, a.s.r. launched an ESG fund range including euro sovereign bonds, euro credits and European 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. These guidelines resulted in ESG funds with a lower absolute carbon footprint.

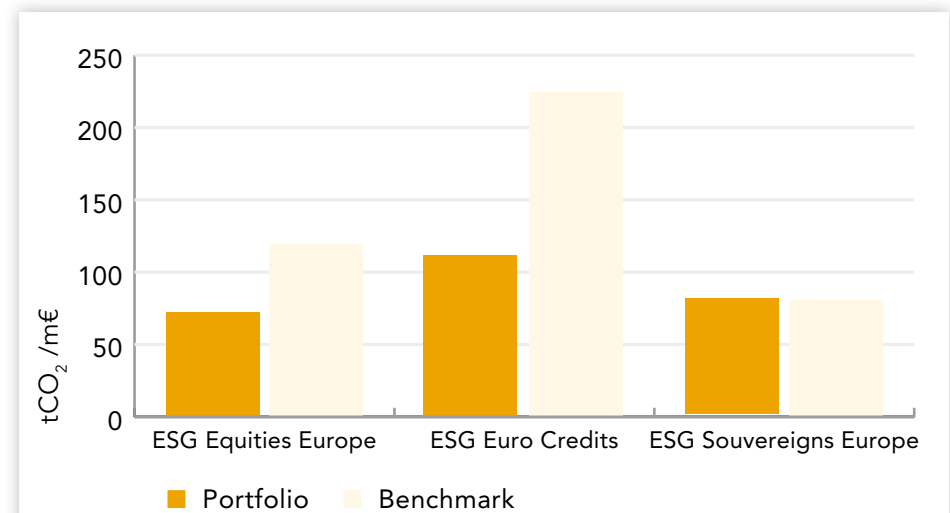


Figure 2: Carbon emissions for ESG credit, ESG equity and ESG sovereign fund end of March 2020. The carbon footprint is calculated on a "best effort" basis with the available and most recent data from reliable sources, including Vigeo Eiris. The results may show a changing course because the portfolio data, carbon data and market data are subject to change. The methodology for calculating the carbon footprint is in line with the PCAF methodology.

Active Ownership

Call on pharmaceutical companies for cooperation in combatting Covid-19

A group of investors, including a.s.r. has taken the initiative to call on a group of large pharmaceutical companies to take responsibility in combatting the Covid-19 virus.

Over the last months, there have been strong actions by several pharmaceutical companies focusing on cooperation and combating Covid-19 instead of solely increasing profit margins. However, there have also been reports that suggest that some pharmaceutical companies do not appreciate the fact that this is not a business as usual situation, and that financial considerations should come second to the global challenge of getting Covid-19 under control.



The struggle against Covid-19 will not be over in a few weeks, and it is likely that a wide range of communities in both developed and developing countries will be hit hard. In the investor statement, the companies are asked to abide to the following principles:

1. Insure employees are safe and healthy, and looked after their well-being.
2. The core responsibility of the pharmaceutical sector is to provide affordable worldwide access to testing, treatment and vaccines. Enforcing patents, price setting, not disclosing relevant findings or seeking orphan drug designation should not run counter to this prime responsibility.
3. Proactively and innovatively reach out, collaborate and share data with governments, the health sector, academia and peers.
4. Focus on international cooperation to ensure supply chains are up and running, so that in all countries medical professionals will have access to medicines, personal protection and all the relevant equipment they need and that supplies are distributed in a fair manner. Especially in these times when international transport and production processes are disrupted.
5. Ensure that also in the long term your research and development processes sufficiently address infectious diseases.
6. As clients and suppliers are hit hard financially, be understanding and take measures to assure that bills of suppliers are still being paid, employment is protected and the relationship is maintained.

For a more detailed of our engagements and voting visit our [website](#)

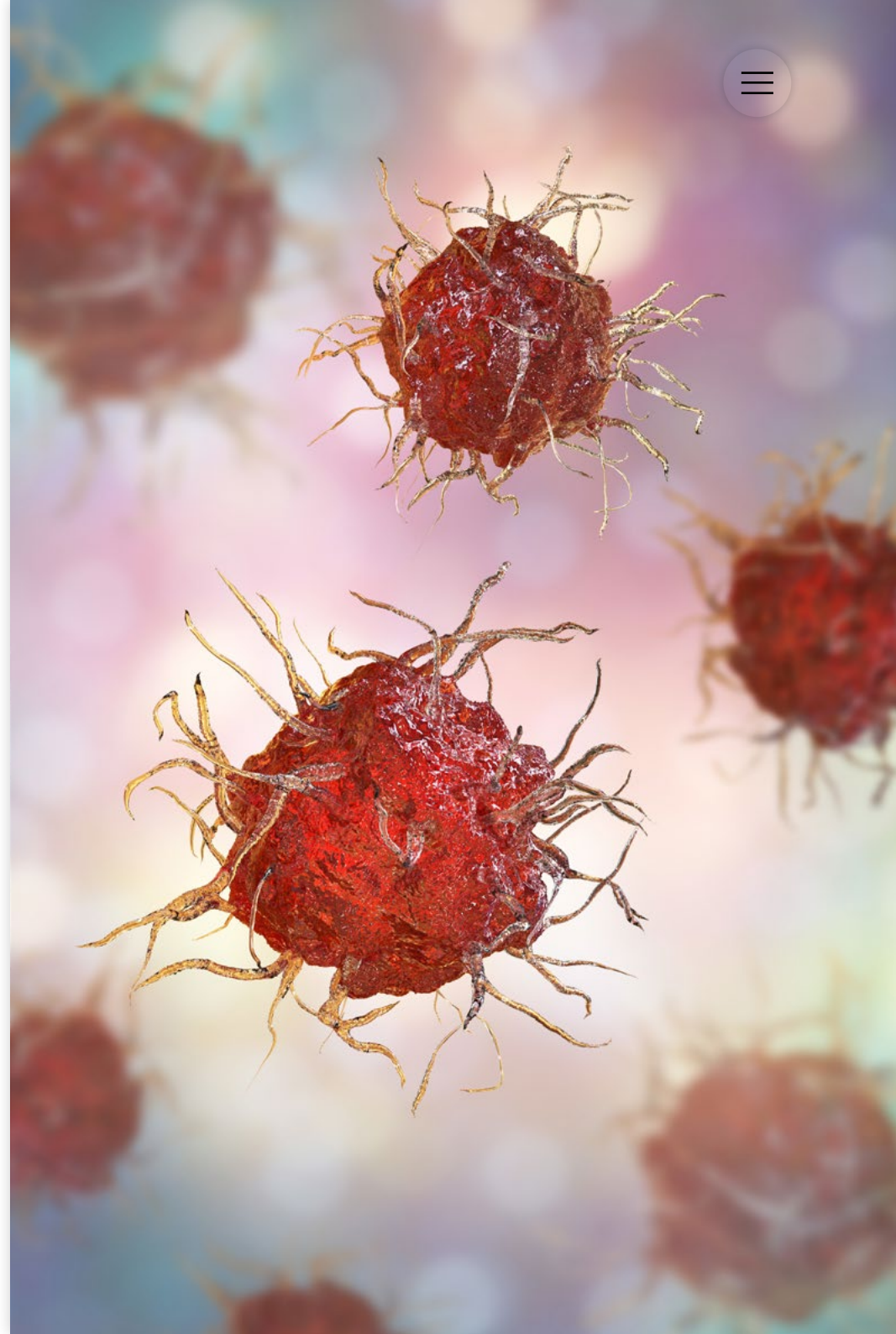
Impact Investing

eTheRNA

With a long history of investing in biotech companies, a.s.r. has financed the development of many medicines and therapies in cooperation with specialized managers. This includes an impact investment in fund V of Life Science Partners, focusing on unmet medical needs. This fund has financed eTheRNA immunotherapies, which is a Belgian clinical-stage company developing innovative immunotherapies from its proprietary mRNA TriMix platform.

On March 24th this company announced that a consortium has been formed with North American and European partners to develop a novel mRNA vaccine against CoV-2 and preclinical development has started. Chinese partners may be added in the consortium in due course. Administered intranasally, the proposed vaccine is intended primarily for high risk populations such as healthcare workers and families of confirmed cases. It is also designed to be protective against future variations of the virus by targeting conserved epitopes from the whole CoV-2 genome.

Steven Powell, eTheRNA's CEO, explained the aims of the consortium: "Viral variation means traditional medicinal and preventive vaccine approaches may fall short when confronted with seasonal or outbreak situations. A vaccine to defend against current and future outbreaks of coronavirus and other respiratory viral pathogens should be robust against viral genome changes, provide a platform that enables rapid introduction of a new viral target, be easy and safe to administer and be scalable and suitable for stockpiling. The innovative vaccine program we have started with our partners incorporates all of these essential features. While valuable initiatives and strong support are being deployed into the development of medicinal and vaccine solutions for immediate use against SARS-CoV-2, it is also important that development of solutions for the longer term should also start as soon as possible. Our target is to bring this into clinical testing in early 2021."



Other news

a.s.r. again frontrunner in the Fair Insurance Guide

Since 2013, the Fair Insurance Guide has examined the investment policies of insurers on a number of sustainability criteria. Since 2014, a.s.r. has held first place. Also in this new study, a.s.r. remains the frontrunner, with the highest scores on 7 out of 9 themes and 8 out of 10 sectors. In the Housing and Real Estate theme, a.s.r. went from a 5 to a 9.

a.s.r.'s investment policy scores a 10 on the themes Labour Rights and Human Rights and in the sectors Food and Weapons. The sustainable investment policy of a.s.r. is improved on an ongoing basis, which was specifically emphasized by the analysts. The large increase from 5 to 9 points on the Housing and Real Estate theme, is largely due to the steps we have taken in the mortgage portfolio, such as stimulating energy savings and providing green mortgage financing.

The Fair Insurance Guide examines two things: what have insurers laid down in their policies about investments and how do they put this into practice? At www.eerlijkeverzekeringswijzer.nl, consumers can compare the scores of insurers on nine themes (such as Labour Rights, Corruption and Nature) and 10 sectors (including Mining, Food and Weapons).

	achmea	EGON	Allianz	G.S.F.	OH	VIVAT	SINDS	SINDS	SINDS
Gezondheid	9	3	1	9	5	9	1	1	3
Belastingen	7	3	1	6	5	7	3	1	5
Klimaatverandering	5	3	3	7	5	8	1	1	1
Mensenrechten	7	4	4	10	9	8	2	2	3
Bonussen	5	4	3	6	4	7	10	10	10
Dierenwelzijn	5	2	2	7	1	7	1	1	1
Wapens	8	4	3	10	5	8	3	4	4
Arbeidsrechten	8	5	5	10	8	8	3	3	4
Corruptie	5	6	6	9	8	9	1	1	5
Voeding	9	2	4	10	7	10	1	1	1
Gendergelijkheid	4	2	3	7	4	6	1	1	2
Natuur	9	1	3	9	6	10	1	1	1
Financiële sector	9	1	1	9	3	6	1	1	1
Vissenij	8	1	3	7	2	8	1	1	1
Bosbouw	9	1	4	8	5	10	1	1	1
Woningbouw en vastgoed	5	1	1	9	3	8	1	1	2
Maakindustrie	8	3	1	9	7	9	1	1	1
Mijnbouw	7	2	4	8	6	9	1	1	1
Olie en gas	8	2	4	8	7	8	1	1	2
Elektriciteitsproductie	6	2	5	7	5	6	1	2	1
Transparantie	7	4	5	7	7	8	3	5	4

Thomas Rau triggers audience at annual a.s.r. asset management seminar

On March 5th a.s.r. asset management organized its annual seminar. With a group of clients, partners and other relations, we discussed how to develop and implement a climate-proof responsible investment policy.

Jeroen de Munnik, member of the Executive Committee of PGGM showed how PGGM looks at sustainable investing in their portfolio and what challenges and dilemma's they face as a large pension fund service provider. a.s.r. asset management colleagues Marjolein Meulenstein and Nico Rieske discussed the integration of climate and energy transition into the responsible investing policy and the implementation hereof in the equity portfolios. Architect Thomas Rau challenged the audience to think differently about sustainability, stating our focus should not be on climate change, but on creating a mind change.



More information?

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