



Overview engagements - H2 2021

a.s.r. asset management

Overview engagements H1 2021

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 and social 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 2021 is presented.



In this update

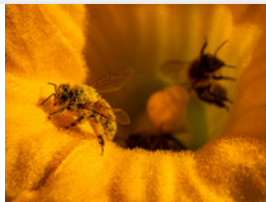
Climate Action



Challenges surrounding technical development



Biodiversity



Human rights



Sustainable sourcing of natural resources



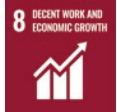
Living wages



Responsible use of plastics



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.



CEZ*

Czech utility company CEZ is a large carbon emitter. The objectives of the engagement are the company's decarbonization strategy, including alignment of capital expenditures with carbon reduction commitments and climate change governance; climate change policy advocacy; the just transition; net-zero ambition and targets and TCFD disclosures. CEZ has set the long term target of becoming net-zero in 2050, with intermediate reduction targets in 2030 and according to the benchmark, CEZ scores well on the long-term reduction targets. However, the emissions reduction targets set for 2025 and 2030 are not aligned with a 1.5C scenario.

Our engagement has prioritized increasing the level of ambition of CEZ's emissions reduction targets in both the short- and mid-term. In the last engagement call with CEZ, they committed to validating their new targets under the Science-Based Target Initiative (SBTi), the company expects the targets will be aligned with a well-below 2C scenario. CEZ has also set a target to obtain top ESG rates and hired a sustainability officer that will be dedicated to strengthening internal capacity on sustainability matters.

Progress: neutral

Enel*

The engagement procedures with Enel are mainly focusing on its emissions reduction targets on scope 3 emissions and disclosures on climate policy advocacy. Enel has set emissions reduction targets on scope 1, 2 and 3 for 2030 and the Science-Based Target initiative has verified that these targets are aligned with a 1.5C. Last November, Enel has also presented its 2030 strategy in which it expresses her ambition to become a Renewables Super Major, which presented a strong decarbonization plan for its current energy activities. We also noted the 2020 Sustainability Report has significantly improved disclosures regarding its policy position on climate-related issues.

Progress: positive

ENI

We have had an engagement call with ENI to update the company about our new 'exit fossil fuel' strategy which will be applicable on unconventional oil and gas companies and the most carbon-intensive industries. ENI has been identified as a company under the a.s.r. fossil fuel strategy because of their involvement in conventional oil and gas. ENI gave more insight in their climate strategy, they have ambitious targets, including sub targets for 2024 and they are on track to achieve these targets. TPI has also recognized the efforts of ENI, which gave the company the classification they are on track to a 1.5° degrees society. ENI explained their strategy will be more focused on renewable energy, this strategy will be announced in March 2022. We will continue monitoring the efforts made by ENI.

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

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Holcim**

We have identified some controversies with the activities of Holcim, a Swiss-based company specialized in building materials. The controversies relate to human rights, health and safety and environmental issues. Regarding the topic of climate change, Holcim is currently undertaking a review of potential misalignments of trade associations' policy advocacy with the goals of the Paris Agreement. The review will be done on a risk and materiality basis to look at the main regions of operations and those countries known to have associations working against climate policy (Australia, India, Russia, the US). The results of this review should be published along with the descriptions of actions the company will take on these findings.

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



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.



In a follow-up call we provided feedback on the company's implementation of their non-deforestation policy. The company presented a clear timeline with intermediary milestones to outline their journey to full traceability by 2025. Bunge has nearly full transparency over all direct suppliers, and therefore focuses its efforts on increasing oversight over indirect suppliers. Bunge further presented their supplier engagement process and grievance mechanism. The company is currently working with penalties like suspension of certifications or exclusions from financing, after 2025 all non-compliant suppliers will be immediately excluded. Despite all these efforts from Bunge we remain critical on the effectiveness of all measures and we do not change the status of our engagement objectives.

Progress: neutral

Mondelez*

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.

An engagement call was organized with a group of investors of the Platform Living Wage Financials (PLWF). In the call we discussed their impact evaluation work on measuring income levels of households involved in the Cacao Life program. Mondelez is one of the companies with the most comprehensive approach to living incomes, despite not having a concrete target on how they aim to close the gap.

Progress: positive

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

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 Costco, 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.

a.s.r is taking the lead on the engagement with Johnson and Johnson, with its cosmetics section a large consumer of palm oil. By ensuring deforestation-free supply chains, companies like Johnson & Johnson can mitigate risks and address increasingly stringent regulatory environments, while also benefitting from long-term supply chain resilience, improved stakeholder relationships and reputational status in the market. In this context, companies are increasingly targeted by consumers, investors and regulators concerned about negative environmental impacts resulting from sourcing soft commodities such as palm oil. Since last year we are also taking the lead on the engagement with PepsiCo.



With both Johnson & Johnson and PepsiCo we aim to schedule engagement calls in the first quarter of 2022.

IMVO Covenant

Unilever, Nestlé and Danone

With our collective engagement we are aiming to prevent and minimise biodiversity loss (the 'do not harm' principle) and we want to accelerate investments in alternatives (the 'do good' principle). Currently we are engaging with Unilever, Nestlé and Danone. In this engagement we are focusing on the topic 'soy', which is a main contributor to deforestation and therefore the loss of biodiversity.

We are focusing on discouraging and minimizing further deforestation where we focus on changing the whole system in a sustainable perspective. This means we are looking further than only the production of soy, and we challenge solutions that can make a real difference. We are asking the companies the following:

- The sourcing and use of sustainable soy; both directly and indirectly as animal feed;
- Vision on the transition to locally sourced animal feed (and the efforts the company is undertaking to realize this vision);
- Vision on nature-inclusive circular and/or regenerative farming;
- Vision and plans to move towards different protein product selection and expanding the company's portfolio of plant-based products.

We have finished the first round of engagement calls and second calls are being planned.



Sustainable sourcing of natural resources



The mining sector is prone to many ESG challenges. At the same time, we are increasingly dependent on the mining of minerals and other natural resources to speed up the energy transition. Resources such as cobalt and lithium are used for the production of electric vehicles, but mining of these and other materials is at the same time prone to human rights and environmental risks. We have several engagements ongoing to discuss these challenges with important players.

Lifecycle management of mining

Rio Tinto*

A report of the World Bank Group announced in 2050 that the production of minerals such as graphite, lithium and cobalt could increase by nearly 500% by 2050 to meet the growing demand for clean energy technologies¹. This means the clean energy transition will be significantly mineral intensive. Harvesting these important minerals can only be achieved by mining activities, and these activities are generally very polluting and cause irreparable damage to the environment.

¹ <https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf>

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



This causes a dilemma because we want to finance the energy transition, but also make sure no natural damage occurs. Therefore we decided to engage with mining companies like Rio Tinto. The biggest ESG risks associated with mining are water risk, tailing dams and safety management. We want mining companies to have in place a group-wide water stewardship policy and risk management system, these policies also have to be reviewed by the companies and if necessary performance needs to be improved.

Tailings dams are earth-filled embankment dams used to store byproducts of mining operations after separating the ore from the gangue. Tailings can be liquid, solid or a slurry of fine particles, and these are usually highly toxic and potentially radioactive. Companies should commit to the full implementation of the Global Standards developed by the Global Tailings Review. This includes a global and transparent consequence-based tailings facility classification system and requirements for emergency planning. We also aim for companies to set targets for phasing out, or decommissioning high risk tailings dams.

Regarding safety management, we expect companies to identify, access and manage environmental risks, impacts and opportunities in a structured and ongoing manner throughout the lifecycle of mines. Closure activities should be related to the short, medium and end-of-life planning processes. By engaging on these topics, we believe the energy transition can go together with mining activities with a minimal environmental impact.

Progress: neutral

Mowi

Together with FAIRR – an initiative helping to drive change in the animal agriculture sector – we have been engaging with Mowi to encourage the establishment of a science-based strategy to develop and scale alternatives to marine and soy feed ingredients. We communicated our concerns that the sector's reliance on soy and a flat supply of marine ingredients threatens to constrain growth, increase feed costs and increase the exposure to ESG risks.

Responsible use of plastics



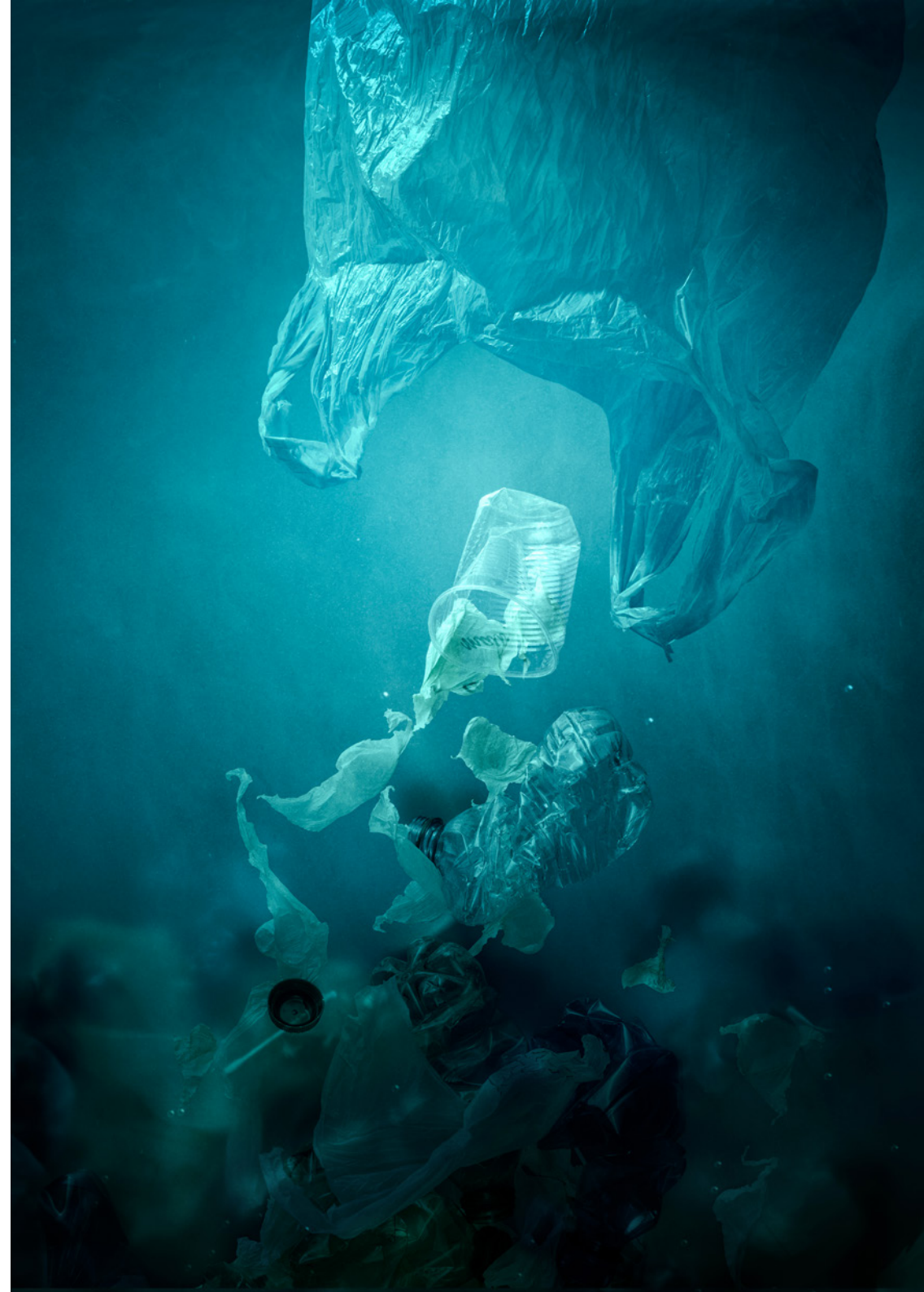
Plastics are everywhere: it is a resource that is being used to make some of the most durable products and has many advantages. At the same time, single use plastics have become one of the largest environmental challenges. Single use plastics end up on the landfill and are difficult to recycle. Or even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

PepsiCo*

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.

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



Plastic pollution is most visible in developing Asian and African countries, where garbage collection systems are often inefficient or even nonexistent². 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.

At a.s.r. we believe collaborative action is needed along the extended global plastic packaging production and achieve a systematic change towards a more circular plastic packaging industry and reduce plastic wastage. We have been engaging with PepsiCo because we believe companies play a vital role in the plastic solution.

PepsiCo is currently working with Extended Producer Responsibility (EPR) in the EU, Canada and Latin America. In the 2021 'As You Show' report, they have been recognized as corporate leaders for their EPR support. Along with peers in the industry, they also contributed to the NaturALL Bottle Coalition, which is a consortium seeking to develop a 100% biobased bottle. We are satisfied with such results, but we will remain critical to our investments. Areas where we expect more progress are for example 'Innovation management', 'Responsible lobbying and regulatory change' and 'Industry collaboration'.

Progress: positive

² <https://www.nationalgeographic.com/environment/article/plastic-pollution>



Challenges surrounding technical development



Meta , Apple, Alphabet, Amazon*

The tech sector is continuously under development. Technologies such as artificial Intelligence are becoming more and more important and while its opportunities seem endless, there are also specific social and ethical challenges related to the implementation. We engage four companies on these ESG challenges: Facebook, Apple, Alphabet and newly added Amazon. Objective of the engagements is sound governance on social and human rights impacts of new developments in the tech sector, such as Artificial Intelligence (AI).

With Alphabet we consider it remains challenging to set up a dialogue around the company's overall commitment to human rights and the social impact of AI. A new engagement project has been set up called 'the SDG engagement', which is applied on Alphabet. The engagement baseline research for Alphabet has a strong focus on its application of AI and the integration of human rights principles in those processes.

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



For Amazon we joined an investor group focused on the human rights of facial recognition technology. In November we collaborated on a letter to Amazon asking the company about the type of facial recognition products and services they offer, the associated governance framework that they have put in place to manage application of this technology and the human rights assessment framework.

Regarding Facebook (Meta) we requested the company to take stronger action to address the human rights due diligence gaps and risks identified by the 2020 RDR index, by strengthening its commitments to uphold human rights norms and standards as well as due diligence processes. The company has committed to an engagement call.

Progress: neutral



Human rights



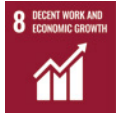
Human rights violations in Myanmar

On February 1, 2021, a coup took place in Myanmar and the military seized power from Myanmar's democratically-elected government. The coup has been followed by widespread and violent suppression of civilians. TotalEnergies has a longstanding partnership with the state-owned Myanmar Oil and Gas Enterprise (MOGE) to develop and operate the Yadana project. As a result of the coup, MOGE is now under control of the military regime and as widely reported, provides significant financing used in support of its anti-democratic and rights-violating conduct. Last year we already engaged with TotalEnergies, which announced recently to withdraw from Myanmar and to halt all ongoing projects.

With another portfolio company that has activities in Myanmar, ENI, we had an engagement call to address our concerns regarding human rights violations. ENI has been active in Myanmar since the country opened to investors in 2014. At that time, ENI carried out human rights assessments before entering into any exploration activities. We derived comfort from the call and believe the risk of human rights violations related to ENI is minimal. We will keep monitoring the situation.



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.

On October 28th, PLWF hosted its fourth annual conference. The members, together with industry experts and brands, discussed the PLWF's 2021 assessment outcomes, shed light on recent developments and looked ahead to what is needed to further accelerate the living wage and living income agenda in the garment, agri-food, and food retail sectors. We were honored to have an opening speech by Fiona Reynolds, CEO of the Principles for Responsible Investment. The speech can be watched on the [PLWF website](#).



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 was launched in November. The Roadmap sets out the steps necessary to make the implementation of a living wage possible.

A full overview of companies under engagement by PLWF is given on the right side of this page:

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	Hermes
Hugo Boss	Ralph Lauren	Li & Fung limited	American Eagle
Coats Group	Kering	Fast Retailing	Next Retail
Kontoor			
Retail			
Ahold Delhaize	Casino Guichard-Perrachon	Metro A.G.	Carrefour
Tesco			
Food & Agri			
Barry Callebaut	Nestle	Mondelez	The Coca Cola Company
Unilever	Olam	The Hershey Company	Starbucks
J.M Schmucker Company	Lindt & Spruengli	Kraft Heinz	

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

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