Policy on Sustainable Insurance

Version November 2025

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1. Introduction

Societal challenges such as climate change, biodiversity loss, increasing social and economic inequality, ageing populations and rising healthcare costs are strongly interconnected and affect us all. The involvement of the business sector is essential to address these challenges. If a company fails to focus on sustainability, it will ultimately lose its right to exist – this is now a given. At the same time, a company must remain financially sound and ensure continuity. That too is sustainability. At a.s.r., sustainability is embedded in the business operations and forms an integral part of the a.s.r. narrative.

a.s.r. aims to make a positive contribution to the transition towards a sustainable society by continuously developing sustainable solutions and playing a leading role in the financial sector in the area of responsible business conduct. We achieve this by integrating sustainability into our investments, as well as into our insurance products and services. In doing so, we seek to facilitate the transition to an inclusive and future-proof society while minimising our negative impact as much as possible. At a.s.r., three key themes are central to where we, as an insurer, can have a material impact. Developments within these themes influence our financial performance and, at the same time, enable us to create long-term value for our stakeholders, customers and society at large. These themes are: Sustainable living & climate, Financial self-reliance & inclusion, and Vitality & sustainable employability.

The Policy on Sustainable Insurance sets out how a.s.r. integrates sustainability into insurance products and processes. It provides frameworks and guidance for incorporating sustainability factors into 1) risk assessment and client acceptance (collectively referred to as 'underwriting'), and 2) product development, pricing and operational execution.

Sustainability initiatives in the insurance sector

- a.s.r. is a signatory to the United Nations Global Compact and the UNEP FI Principles for Sustainable Insurance (PSI). Principle 1 of PSI calls on insurers to integrate sustainability into business strategy, risk management and underwriting, product and service development, claims management, sales and marketing, and investments. This policy document contributes to implementing that principle.
- a.s.r. is a member of the Forum for Insurance Transition (FIT), a multi-stakeholder platform initiated by UNEP that broadly continues part of the activities of the Net-Zero Insurance Alliance (NZIA). FIT's priorities include promoting insurance portfolios that reduce emissions in line with a climate-neutral economy, developing transition plans, engaging with the real economy and removing barriers to the transition. This policy document also supports these objectives.

1.2 Scope

The Policy on Sustainable Insurance applies to a.s.r. business units that offer insurance products and services: Non-life, Income, Health, Pensions, Individual life and Funeral. a.s.r. offers products and services in segments of non-life insurance (motor, property, liability and legal assistance, as well as travel and leisure), life insurance (including funeral insurance and pensions), income protection and health insurance.

1.3 Alignment with other policy documents

To implement the strategy within the core activities of 'investing' and 'insurance', the following policy documents are central alongside the Policy on Sustainable Insurance:

The **Customer Due Diligence (CDD) Policy** comprises measures and procedures aimed at managing integrity risks arising from the Sanctions Act 1977 and the Anti-Money Laundering and Counter-Terrorist Financing Act. It ensures compliance with the requirement for controlled and ethical business operations under the Financial Supervision Act. ASR Nederland N.V. (a.s.r.) is subject to CDD-related laws and regulations. This document outlines the CDD policy and its principles for compliance, enabling a.s.r. to reduce the risk of incurring financial and/or non-financial damage resulting from entering into or maintaining relationships with undesirable parties.

The **Responsible Investment Policy** describes how we incorporate sustainability into our investments. We invest our customers' premiums in companies, industries and countries that contribute to sustainability, based on ethical and sustainable criteria. This entails reducing negative impacts such as CO_2 emissions and creating positive impact. We apply a strict exclusion policy for controversial activities, including child labour, tobacco and gambling industries, and companies deriving a significant share of their revenue from nuclear energy, coal, oil, shale and tar sands.

1.4 Governance

The Policy on Sustainable Insurance was introduced in May 2021, it is evaluated annually and updated where necessary by the Sustainability team, with support from the relevant business units. The policy is also reviewed annually by the Sustainability Committee. The Management Board has ultimate responsibility and formally approves the policy.

Responsibility for compliance and implementation of the policy lies with the individual a.s.r. business units that apply the policy within their own activities.

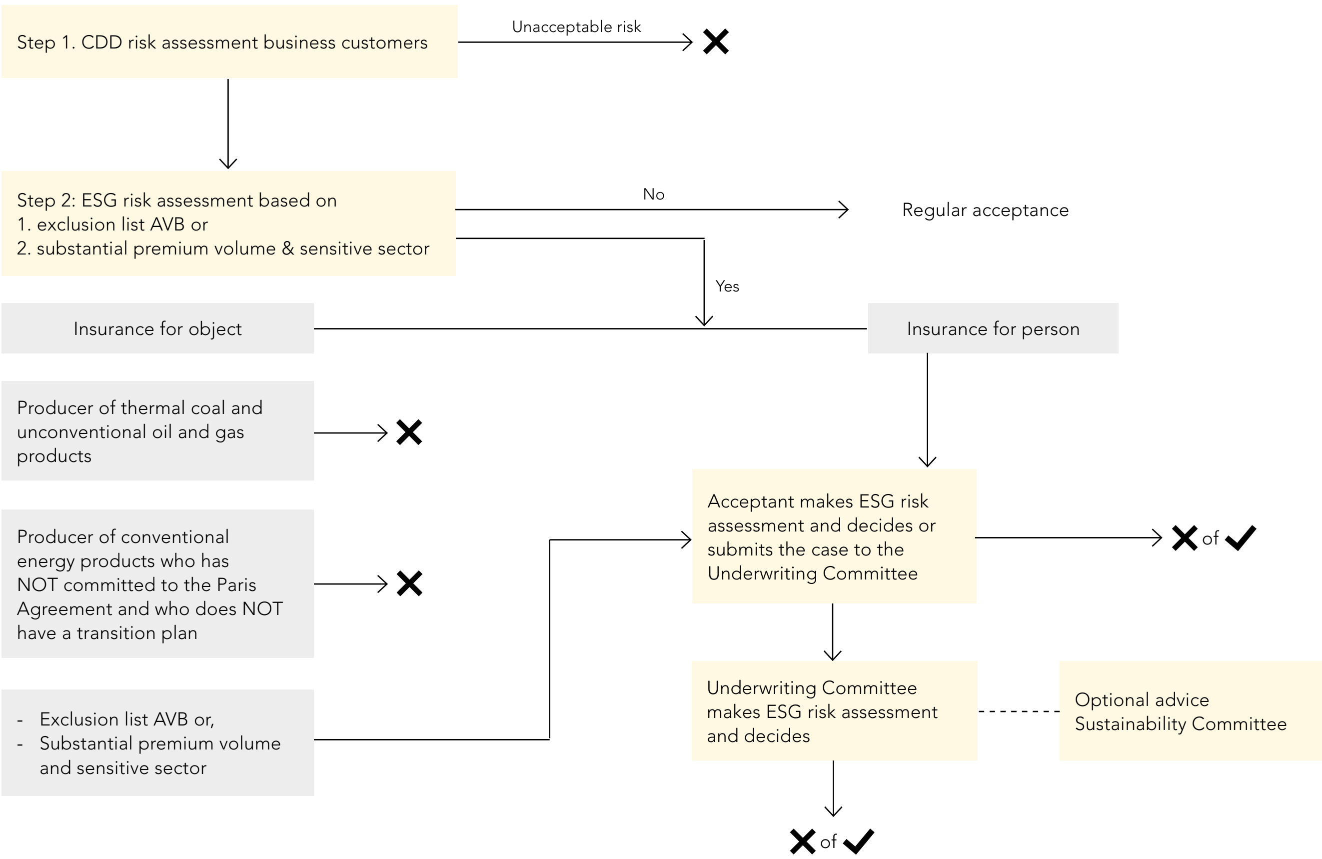
2 Sustainability in acceptance and management processes

This section of the policy applies only to a.s.r. business units that offer insurance products and services to corporate clients: Non-life, Income and Pensions. It is applied to (potential) new clients and to new contracts or contract renewals with existing clients. The business units are responsible for following the process steps described below, the sequence in which these steps are taken and the documentation thereof. Sustainability is integrated into the various phases of the acceptance process and relationship management: (i) risk assessment and (ii) relationship management and engagement.

2.2 Risk assessment

Risk-bearing is at the core of insurance, with established risk appetite and periodically updated acceptance guidelines as the premise. When deciding whether or not to accept a risk, sustainability risks are also considered. Sustainability risks refer to risks relating to environmental, social and governance issues, collectively abbreviated as ESG risks. We do this in two ways: 1) assessing integrity risks, and 2) conducting an ESG risk assessment if the company to be insured meets one or more of the conditions listed in step 2 on the next page.

The acceptance process for corporate clients can be summarised as follows:



Step 1: Integrity risk assessment
The acceptance process for corporate clients generally starts with an integrity risk inventory, as described in the a.s.r. CDD Policy. In this first step, integrity risks of a (potential) corporate client are identified, analysed and assessed by the business unit (applying the four-eyes principle). This process is initiated by the business units in collaboration with the CDD Desk of the Services business unit. The business units ensure documentation of the outcome and, where applicable, substantiation of the integrity risk assessment by the CDD/UBO Desk. In line with the CDD Policy, a.s.r. does not enter into relationships with clients or suppliers who, based on client due diligence, are deemed unacceptable, or it terminates existing relationships if such risks come to light.

Step 2: Sustainability risk assessment
If the integrity assessment under the CDD process (step 1) does not result in rejection of a corporate client due to an unacceptable risk, the business unit, applying the four-eyes principle, determines whether the company meets one or more of the conditions for conducting a sustainability risk assessment:

I. The potential client is listed on the a.s.r. asset management exclusion List (see ‘Exclusion list’).
II. It concerns a substantial premium and the client operates in a sector listed on the a.s.r. asset management exclusion list or in one of the other sectors identified by a.s.r. as sensitive.

I. The client is listed on the exclusion list of a.s.r. asset management as published on the website of a.s.r. asset management [insert link to exclusion list]. Companies appear on this list for the following reasons:
   a. Serious or repeated violations of the principles of the UN Global Compact and/or OECD Guidelines for multinational enterprises (concerning human rights, labour rights, environment and anti-corruption)
   b. Companies in the gambling industry
   c. Companies deriving >0% of their revenue from the production of (alternative) tobacco and tobacco products and companies deriving >10% of their revenue from tobacco distribution

d. Companies where more than 50% of revenue comes from nuclear energy, nuclear plant components and services related to nuclear energy, and/or uranium mining
e. Companies with revenue from the extraction and production of thermal coal
f. Companies deriving >5% of their revenue from the production and transport of unconventional oil and gas
g. Companies where more than 5% of revenue comes from electricity generation from coal
h. Companies involved in the production of conventional oil and gas that are not aligned with the Paris Agreement
i. Companies producing or distributing palm oil of which <95% is certified according to the strictest RSPO standards
j. Companies managing forests with <60% FSC certification (or equivalent certification)
k. Arms production and sales, except for companies based in the Netherlands and under strict conditions[1]

II. The premium amount[2] is substantial and the client operates in a sector listed on the AVB Exclusion List or falls within one of the other sensitive sectors identified by a.s.r.:
a. Companies exploiting animals with the following characteristics:
- Intensive livestock farming where animal welfare is not inherently guaranteed[3]
- Companies conducting animal testing[4]
b. Other companies in the fossil industry (in addition to coal, tar sands or oil shale extraction and electricity generation from coal)
c. Companies in the arms industry falling within the exception in the Investment Policy as described above under Step 2 I.k

If the company meets one or more of the above conditions, it is determined whether the (potential) corporate client wishes to take out insurance for a person or for an object. For these two categories, different processes are followed in the ESG risk assessment.

Personal insurance
Personal insurance refers to income and/or pension insurance. a.s.r. considers it important that individuals have the right to pension and income insurance regardless of where they work. The client is accepted unless high ESG risks provide grounds for rejection.

Object insurance
Object insurance enables the economic activities of corporate clients. These activities may involve sustainability risks. a.s.r. distinguishes between clients directly involved in the production of fossil energy and companies operating in the fossil industry supply chain or in another sensitive sector:

a. **Producers of thermal coal and unconventional oil and gas products**
For object insurance, a.s.r. does not accept producers of thermal coal and unconventional oil and gas products, as these companies have a significant negative impact on climate change and the environment.

b. **Producers of conventional energy products.**
a.s.r. expects producers of conventional energy products to commit to the Paris Agreement objectives and have an aligned transition plan in place. If this is not the case, a.s.r. does not accept the company as a client. If the company is committed to the Paris Agreement and has a transition plan in place, a sustainability risk assessment is conducted.

c. **Companies operating in the fossil industry supply chain or in another sensitive sector.**
A sustainability risk assessment must be conducted for companies operating in the fossil industry supply chain or in another sensitive sector.

1 Press release - investing in defence
2 The size of this premium volume varies per business unit and can also be expressed in terms of the number of participants.
3 With the exception of property insurance, where intensive livestock farms are not accepted as customers for underwriting reasons.
4 With the exception of companies whose animal testing must comply with the Declaration of Helsinki and EU guidelines for the development of medicines. This also applies to companies that outsource production to third parties.

If a client is not rejected based on a) or b), the underwriter identifies and assesses the client's sustainability risks. Sustainability risks refer to risks relating to environmental, social and governance issues, collectively abbreviated as ESG risks. Based on the assessment, the underwriter decides whether the ESG risk is acceptable or unacceptable and thus whether the client can be accepted. Any dilemmas are noted. A potential negative impact on human rights is always considered material, regardless of its likelihood. The underwriter documents the risk assessment in writing.

The four-eyes principle is applied when conducting an ESG risk assessment. If a broader assessment of sustainability risks is desirable or necessary, the application is submitted to the Underwriting Committee of the relevant business unit. The Underwriting Committee is multidisciplinary and responsible for deciding whether to reject a client or accept under conditions, seeking advice from Compliance where necessary. The business unit is responsible for documenting and substantiating the decision-making process. If the Underwriting Committee considers a broader assessment desirable, the application may be submitted for advice to the a.s.r. Sustainability Committee. The Sustainability Committee may be consulted on dilemmas and conflicting interests in the area of sustainability.

2.3 Relationship management and engagement

During the relationship, a.s.r. periodically (more frequently in the case of higher risks) assesses whether the client still meets the outcomes of the previous ESG risk assessment or whether there is reason to update the ESG risk assessment.

In addition to this assessment, the insurance business units of a.s.r., where possible, engage with clients on responsible business practices and mitigating sustainability risks where relevant. As well as dialogue with clients, a.s.r. organises meetings for advisers and intermediaries aimed at knowledge sharing and raising awareness of sustainability risks and opportunities.

Making new initiatives insurable

During the underwriting process, a.s.r. regularly encounters initiatives that have the potential to create a positive impact on society and/or contribute to the energy transition. To address this, the Non-life business unit has established a Sustainability Desk, where advisers can seek guidance on new initiatives and whether they can be insured by a.s.r. The purpose of the Sustainability Desk is to take innovation seriously and thoroughly assess whether new initiatives can be made insurable. A sustainable risk is deemed to exist if a client, through its business operations, production process or the object to be insured:

- clearly makes a positive contribution to the development of an ecological, socially responsible and environmentally sustainable future for the planet and for current and future generations; and
- does not demonstrably have a significant negative impact on the world.

3 Sustainability in products and services

a.s.r. aspires to contribute to a more sustainable society through its products and services. We develop products and services that help address societal challenges. Sustainability is therefore an essential part of our product policy. Examples of products and services developed by a.s.r. are included in the appendix.

Sustainability aspects are reflected in the various elements of the product policy:

1. The process around product development and review (PARP)
2. The pricing of products and services
3. The execution of products and services

This part of the policy applies to all business units that provide insurance products and services to both corporate and private clients.

3.2 Sustainability in the product development cycle

a.s.r. continuously monitors and evaluates its products to ensure they meet the needs and objectives of the target group. We regularly check whether products remain suitable, are offered correctly and whether the information and distribution match the target audience. a.s.r. applies a maximum product review period of once every three years for active products and once every five years for inactive (non-selling) products. Customers can trust that our products are carefully developed with their interests in mind. Both new and existing products must demonstrably serve the customer's interests and be offered to a clearly defined group for whom they are suitable. In addition, we strive for our products to contribute to societal solutions and minimise negative impact.

This assessment takes place through PARP (the Product Approval and Review Process). The process applies to both new and existing products and ensures that all interests are carefully balanced.

1. Customer interest

Products are assessed in the PARP process against the following customer interest criteria:
- Cost-efficient: An insurance product is cost-efficient if, from the perspective of the intended target group, it offers good value for money.
- Useful: A useful insurance product meets the needs of the intended target group in an appropriate way.
- Safe: An insurance product is safe if it delivers what is promised and its consequences are acceptable for the target group.
- Comprehensible: An insurance product is comprehensible if the target group can assess its quality and suitability well.
- Fraud control.

Products or services involving data-driven decision-making processes are assessed against the Ethical Framework for Data-driven Applications and Decision-making of the Dutch Association of Insurers[5].

2. Sustainability factors

In addition to customer interest, products and services are assessed on the extent to which they have a positive or negative impact on sustainability factors. Product development teams are asked to consider relevant sustainability topics (using guidelines and work instructions) and explicitly identify the sustainability factors of the product. These factors include ecological, social and employment themes, respect for human rights and combating corruption and bribery. The PARP board may raise further questions about the identified sustainability factors, and the answers are considered during the product review.

Sustainability factors are shared with intermediaries, and any sustainability objectives are communicated. Based on the information received, the intermediary can conduct an advisory meeting with the customer regarding their sustainability needs or preferences. When providing advice, the intermediary takes into account the target group as defined and intended by a.s.r.

3.3 Sustainability and climate risks in pricing

Within the framework of our regular pricing policy, the focus of a.s.r. is on making sustainable product elements and coverages insurable. This is done to encourage and support customers in their sustainability efforts.

Vitality as an insurance benefit

a.s.r. actively promotes vitality and sustainable employability of insured entrepreneurs, employees and private customers. a.s.r. Vitality encourages and rewards physical activity and a healthy lifestyle. When pricing employee pension and (occupational) disability insurance for employers, we consider the historical inflow into the WIA (Work and Income Act, i.e. unfit to work/disabled after two years of illness). For companies of a certain size, employers who prioritise health and vitality and therefore have a low inflow rate are offered a lower premium.

5 The Ethical Framework for Data-driven Applications and Decision-making describes how we safeguard ethically responsible data use in our core processes, products and services. This is to protect, among other things, customer autonomy and privacy, prevent discrimination, and promote solidarity and insurability in the market.

Climate risks in pricing

Climate risks are explicitly part of the pricing process for relevant non-life products. For example, when pricing non-life products that cover climate risks, we consider the potential impact of climate change on claims costs. Non-life also promotes measures that customers can take to prevent climate-related damage.

3.4 Sustainability in delivery

a.s.r. integrates sustainability into the delivery of insurance by operating as responsibly as possible in its processes. Inspections and assessments are conducted remotely where possible, and paper mail is avoided as much as possible. In certain cases, a.s.r. also offers the option of more sustainable damage repair.

Damage repair in a more sustainable way

When damage is reported to a.s.r., we assess whether it can be repaired. If so, we encourage customers to repair rather than replace the damaged item. Repairing instead of replacing reduces emissions, extends the lifespan of the item and generates less waste. In addition, a.s.r. encourages customers to have repairs carried out sustainably by a repair company selected by a.s.r.

Selected repair company

A selected repair company collaborates with a.s.r. and is part of the a.s.r. sustainable repair network. Damage can be repaired in various ways and by different companies, such as construction firms, car repair shops or cleaning companies. Our sustainable repair network therefore includes various types of repair companies.

Using a selected repair company offers several advantages:

- a.s.r. settles the claim directly with the repair company, including payment.
- Repairs can usually start quickly; only specific cases may require waiting for an expert.
- The damage is repaired or restored in the most environmentally friendly way possible. Agreements have been made with repairers in our network regarding – for example - reducing the use of toxic paints, minimising waste and emissions during repair, and using recycled parts where possible.

Certification

Repairers within the a.s.r. sustainable repair network all hold a certification issued by the Institute for Sustainable Mobility (IvDM) or Stichting Duurzaam.
For vehicle repairs, a.s.r. works with IvDM, which manages the Erkend Duurzaam certification:

- Certification is conducted by independent specialists.
- Erkend Duurzaam is 100% objective.
- The international ISO 26000 sustainability standard is applied.

For vehicle and property/interior repairs, a.s.r. works with Stichting Duurzaam, which issues the GroenGedaan! Certificate:

- Based on ISO 26000
- Third-party auditing
- Carbon footprint measurement in line with ISO 14064/GHG Protocol.

Affiliated repair companies are supported and audited on their CSR policies, including sustainability in operations, communication, finance, procurement, staff and services.

Irreparable Damage

If repair is not possible, customers are encouraged to replace the irreparably damaged item with a refurbished product. This service is offered for electronic items.

Examples of products and services

Financial self-reliance and inclusion

a.s.r. believes it is important that people are able to take responsible risks and make informed financial choices. This is not self-evident for everyone; in the Netherlands in 2024, one-third of the population struggled to keep income and expenses balanced. (https://www.nibud.nl/onderzoeksrapporten/rapport-geldzaken-in-de-praktijk-2024). a.s.r. therefore helps people make conscious financial decisions to prevent them from falling into debt or to support them in getting out of it. a.s.r. is an insurer for all people living and/or working in the Netherlands, which requires focus on the inclusion of vulnerable groups.

Examples of how we achieve this through our products and services:
- The Mirro online self-help tool, free for a.s.r. health customers, helps clients manage financial worries and the stress these concerns may cause.
- a.s.r. is part of the Creditors Coalition and applies a socially responsible collection policy to support customers in overcoming financial difficulties.

Vitality and sustainable employability

There is increasing focus on health and vitality, driven by societal developments such as rising healthcare costs and the increase in the state pension age. a.s.r. therefore focuses on preventing illness, absenteeism and (occupational) disability to promote sustainable employability.

Examples of how we do this through our products and services:
- a.s.r. Vitality: a programme that provides insight into personal health and encourages physical activity.
- Doorgaanverzekering: the combination of a (occupational) disability and a health insurance gives employers and self-employed professionals additional tools to promote sustainable employability and prevent absenteeism and occupational disability through preventive services such as mindfulness courses and personal health checks.
- Langer mee AOV: an (occupational) disability insurance for self-employed professionals with physically demanding professions (from ballet dancers to plasterers). This insurance allows entrepreneurs to remain insured up to the state pension age. The product aims to raise awareness among entrepreneurs about ways to organise their work differently to avoid occupational disability and can continue working until retirement. Additional services of the product include a three-yearly coaching session with an occupational expert or retraining advice for those who wish to reorganise their work.

Sustainable living and climate

a.s.r. aims to help customers protect themselves against the risks of extreme weather and support them in becoming more sustainable.

Examples of how we do this through our products and services:
- Sustainable damage repair: a service for a.s.r. non-life customers that enables them, if desired, to have damage repaired sustainably by one of the selected and certified repair companies.
- Sustainability mortgage: allows homeowners taking out a mortgage with a.s.r. to borrow extra funds at favourable rates for energy-saving measures.
- Home contents and building insurance: in addition to the cover including various sustainability elements such as solar panels, heat pumps, (mini) wind turbines and charging stations, it offers the ‘sustainability after damage’ option. This cover allows customers to make their home more sustainable during repairs, up to 10% of the claim amount. Examples include installing a green roof, greening the garden, HR+++ glass or wall/roof insulation.
- Flood cover: customers with a corporate or private building or contents insurance are covered for damage caused by flooding from secondary water defences.
- Insurance for electric vehicles and vessels: attractive rates for electric cars and boats.

a.s.r.
Archimedeslaan 10
3584 BA Utrecht
www.asr.nl

ASR Nederland N.V. KVK 30070695 Utrecht

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