

United Nations Principles for Sustainable Insurance

Progress report 2019

Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Company strategy		References annual report a.s.r. 2019:
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Within the Executive Board, the CEO is ultimately responsible for a.s.r.'s CSR themes. Each year, the Supervisory Board discusses and approves the CSR objectives and the progress made in these specific areas. The Director of Corporate Communications coordinates the implementation together with the CSR Task Force. From 2020 on the Business Executive Committee will take over the responsibilities of the CSR Task Force.	Page 104-105
Dialogue with company owners on the relevance of ESG issues to company strategy	<p>a.s.r. engages in dialogue with all stakeholders on the principles and objectives of its sustainability policy. To this end, it maintains close contact with internal stakeholders and a broad group of external stakeholders, including customers, shareholders, regulators, politicians and government ministers as well as trade bodies.</p> <p>Investors Investors rely on a proper execution of a.s.r.'s strategy to create value and are guided by the financial and non-financial targets. They expect management to seize the opportunities that arise and to continuously monitor risks. Dividends and share price developments as well as coupons should offer an attractive total return on investment for shareholders and bondholders. Investors are also increasingly interested in the social relevance of the companies they invest in. It is important for them that a.s.r. represents the interests of all stakeholders in order to create long-term value and return on capital.</p>	<p>Page 105</p> <p>Page 24</p>
Integrate ESG issues into recruitment, training and employee engagement programmes	a.s.r. needs competent, agile, diverse and vital employees with an entrepreneurial and versatile attitude in order to realise 'the strategy of a.s.r.'. Employees who can and dare to take control of their day-to-day work, including their own careers, but also employees who can handle change, within a.s.r. as well as in the market in which it operates. That is why a.s.r.'s HR policy focuses on personal leadership and personal agility, on supporting employees in their professional development and on enhancing their vitality and employability.	Page 39-43

Risk management and underwriting		References annual report a.s.r. 2019:
<p>Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions.</p>	<p>Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic objectives are met. Value is created by striking the right balance between risk, return and capital, whilst ensuring that obligations to stakeholders are met. The Risk Management Function (RMF) supports and advises a.s.r. in identifying, measuring and managing risks, and ensures that adequate and immediate action is taken in the event of developments in the risk profile.</p> <p>a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances. The performance against the statements (risk profile) is monitored by the risk committees. The risk profiles of the departments are periodically discussed in Business Risk Committees (BRC). After being discussed in a BRC, the non-financial risk profiles are reported to the Non-Financial Risk Committee (NFRC) and the financial risk profiles are reported to the Financial Risk Committee (FRC). The integrated risk profile is reported to the Business Executive Committee (BEC) – Risk meeting. The BEC monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the BEC – Risk meeting determines the risk appetite statements, limits and targets for a.s.r. In the event of infringements, the committees are authorised to decide on corrective actions. The risk governance structure ensures that the risk profile is monitored effectively and that action is taken at the correct and appropriate time.</p>	<p>Page 84</p> <p>Page 238-240</p>
<p>Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics.</p>	<p>Non-financial risk appetite statements are in place to manage the risk profile within the limits determined by the Executive Board and approved by the Supervisory Board.</p> <p>The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether non-financial risks are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on steps to be taken.</p> <p>On a quarterly basis, the risk profile and internal control performance of each business is discussed with senior management in the business risk committees and the NFRC each quarter.</p> <p>In 2019, all business units applied the Governance and Risk Compliance (GRC) tool 'Cerrix'. The functionality and performance of this tool were improved in 2019.</p> <p>a.s.r. will continue to seek opportunities to improve the management of its operational risks in 2020, including the use of data analysis.</p> <p>In order to enhance controlled (efficient and effective) projects, a.s.r. rolled out the 'project risk management' policy. This policy was implemented during 2019. In 2019, the most important projects at a.s.r., including IFRS 9/17, Service Books and a.s.r. Vitality, fell within the risk appetite.</p>	<p>Page 85</p> <p>Page 85</p>

Product and service development	References annual report a.s.r. 2019:
<p>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</p>	<p>In a changing world, there is a growing need for sustainable and socially responsible products and services which increase positive and reduce negative impacts. Developing and marketing these products is part of a.s.r.'s business strategy. In addition to the sustainable products a.s.r. has introduced a.s.r. Vitality in 2019. In case of damage repair a.s.r. stimulates customers to make use of sustainable repair services.</p> <p>a.s.r. Vitality Vitality is a behavioral science based health programme that encourages customers to exercise and live healthier lives in a positive way.</p> <p>Since 4 November 2019, a.s.r. also offers this programme in the Netherlands to customers with a disability or health insurance. As an insurer, a.s.r. not only wants to help its customers if they have an illness or disability, but also to help prevent this from happening. By encouraging people to make healthy choices and become more active.</p> <p>Customers can opt to take out a membership with a.s.r. Vitality and to start exercising. With the a.s.r. Vitality app, which can be linked to an activity tracker such as Fitbit or Apple Watch, customers will first of all obtain insight into their own health. Based on this, exercise targets are set and then they can get moving. If they achieve these targets weekly, monthly and annually, they got awarded. The annual reward consist of a reimbursement on their insurance premium paid.</p> <p>Sustainable repair a.s.r. considers it important to have damage repaired with a view to the environment. That is why a.s.r. works together with repair companies that share this view. These companies have been tested for their sustainable business operations and have the Sustainable Repairs certificate. These can be construction companies, cleaning companies, glaziers, companies that repair electronics, or companies that help repair interiors (e.g. the floor or the sofa).</p> <p>In case of damage, there is the choice to have this repaired by a sustainable repair company with a Sustainable Repairs quality mark. Of course the damage will be repaired as quickly as possible. But such a company also helps the environment and society in the longer term by meeting strict requirements.</p> <p>The repair companies within the network are constantly being tested. Consider for example the use of environmentally friendly means, less energy consumption, the correct processing of waste, the reuse of materials, care for sustainable employability of employees, recycling and products that are not harmful to the employee or to you.</p> <p>Flood insurance a.s.r. is the first insurer in the Netherlands to offer flood cover for buildings and contents, part of its response to climate change.</p> <p>Page 35</p> <p>Page 35</p> <p>Page 35</p> <p>Page 36, 67-68</p>

<p><i>'Doorgaan' insurance</i> Doorgaan-insurance is a single policy offering both occupational disability/loss of earnings insurance and group medical cover. It includes extended cover, psychological support and advice from the personal Doorgaan experts.</p> <p><i>'Langer mee AOV'</i> a.s.r. offers a solution for the social challenge of the rising age of retirement. Working with a.s.r. on lifelong employability enables customers to remain at work in good health for longer.</p> <p><i>'MKB Verzuimontzorgverzekering'</i> At the 'MKB verzuimontzorgverzekering' there is a permanent 'ontzorgmanager' who is point of contact by absence during reintegration and has knowledge of all relevant legislation and regulations. The Employee is in control of his or her own reintegration.</p> <p><i>a.s.r. ESG funds</i> All investments managed by a.s.r. asset management are screened on their social and environmental aspects and governance criteria, based on a.s.r.'s SRI policy.</p> <p><i>'Verduurzamingshypotheek'</i> a.s.r.'s 'Verduurzamingshypotheek' is designed to encourage its clients to install energy conservation measures in their homes. This helps to cut CO₂ emissions while increasing comfort in the home and saves costs.</p> <p><i>'WelThuis Starters hypotheek'</i> The 'WelThuis Starters hypotheek' is designed for first-time buyers and offers reduction in monthly costs, flexibility and certainty. The longer term ensures a lower monthly amount, which means that the mortgage can be managed financially.</p>	<p>Page 36</p>
<p><i>'Sustainable investor'</i> As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical and sustainability criteria in its investment policy. All investments managed by a.s.r. asset management (AVB) are screened on the basis of the SRI policy, focusing on aspects such as social and environmental criteria. Countries and businesses that do not meet the criteria are excluded. These include producers of controversial or offensive weapons, tobacco, coal, tar sand and shale oil, nuclear energy and the gambling industry. a.s.r. also assesses businesses on their compliance with international conventions such as the OECD guidelines and the UN Guiding Principles.</p>	<p>Page 44</p>
<p><i>'Sustainable real estate'</i> As a real estate investment manager focusing on long-term value creation, the objective of making real estate more sustainable is important. a.s.r. real estate believes in long-term relationships with its stakeholders. Together with them, a.s.r. real estate wants to reduce its carbon footprint. But CSR goes further than just a sustainable management of real estate. a.s.r. real estate wants to contribute to both the environment and society by investing in neighbourhoods, among other things.</p>	<p>Page 45</p>

	<p>The PARP assesses the usefulness of a product and/or service for the customer: to what extent is the product a response to an actual need of the target group and does it have sufficient added value? The comprehensibility test examines whether the target group can properly assess the usefulness of a product based on the information the customer receives from a.s.r. This includes tests for comparability, completeness of the information provided and whether product characteristics are clearly defined.</p>	
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Investment management		References annual report a.s.r. 2019:
<p>Integrate ESG issues into investment decision-making and ownership practices.</p>	<p>a.s.r. is aware of the importance of and the responsibility expected from its role as investor; both as asset owner and as asset manager. Therefore sustainability is an essential part of a.s.r.'s investment beliefs. For a.s.r., the integration of ESG factors in the management of its investments contributes directly to the reduction of risks (both financial and reputational risks) and has a positive effect on its long-term performance.</p>	<p>Page 44</p>

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Clients and suppliers		References annual report a.s.r. 2019:
<p>Dialogue with suppliers on the benefits of proper management of ESG issues</p> <p>Provide suppliers with information and tools that help them manage ESG issues</p> <p>Integrate ESG issues into tender and selection processes for suppliers</p> <p>Encourage suppliers to disclose ESG issues and to use relevant disclosure frameworks</p>	<p>a.s.r. imposes additional requirements on its suppliers in the areas of the environment, human rights and working conditions, when relevant within the scope of the sourcing matter. The requirements are part of all procurement contracts concluded between a.s.r. and its suppliers since 2017. As a result, awarding an assignment depends partly on the Socially Responsible Procurement document scoring. The main objective of the Socially Responsible Procurement policy is to be in dialogue with suppliers on these socially relevant themes. This subject is therefore a recurrent agenda item in the (board) meetings between a.s.r. and its most strategic suppliers.</p>	<p>Page 24 and 51-52</p>

Insurers, reinsurers and intermediaries		References annual report a.s.r. 2019:
<p>Promote the adoption of the Principles</p>	<p>Best-in-class investing is part of the a.s.r. selection process for companies based on ESG best practices and products. a.s.r. favours companies that achieve an above-average performance in the area of ESG policy and implementation. Based on Vigeo Eiris research, which is ISO-9001certified, companies are classified as pioneering, best-in-class and sustainable companies using a relative, sector based ranking for six domains of analysis: Human Resources, Environment, Market Ethics, Good Governance, Social Impact and Human Rights. In 2019 a.s.r. expanded its ESG research capabilities by entering into partnership with MSCI ESG. For Sovereign bonds, a.s.r. applies a best-in-class selection of countries based on their SDG performance in line with the SDG country ranking published by the ESG Index: the weighted average score of the a.s.r. sovereign portfolio is ranked in the first quartile (best-in-class) of the SDG Index.</p>	<p>Page 44</p>

<p>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</p>	<p>a.s.r. recognises three types of engagement</p> <p>I. Engagement for the purpose of influencing: this type of engagement is used to move companies towards better sustainable practices. In 2019, the issues addressed included the following:</p> <ul style="list-style-type: none"> • Global Compact breaches via a.s.r.'s partnership with Robeco: • Living wages via the Platform Living Wages Financials (PLWF): the PLWF is a collaboration initiative between 13 financial institutions to engage listed companies in the garment, agri-food and retail sector on addressing living wage issues in their supply chain. • Fur and exotic leather through collaborative engagement: the use of real fur and exotic leather is attracting growing criticism and major luxury brands have declared their intention to step out of the fur business. <p>II. Engagement for the purpose of monitoring: Sustainability is a standard topic on a.s.r.'s agenda during its meetings with companies from its investment portfolio.</p> <p>III. Public engagement: In 2019, a.s.r. continued to actively participate in the implementation of the International Corporate Social Responsibility (ICSR) sector covenant, together with peers, the public sector and various NGOs.</p>	<p>Page 45</p>
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Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Governments, regulators and other policymakers		References annual report a.s.r. 2019:
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	a.s.r. has undertaken a public commitment to act as a responsible insurer and investor. In evidence of this, it has signed many national and international standards and covenants.	Page 44, 51, 58
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	The Compliance Manager issues quarterly reports on compliance matters and the progress made in the relevant actions at Group level, supervised entity (OTSO) level and division level. The quarterly report at division level is discussed with the responsible management and scheduled for discussion by the Business Risk Committee. The quarterly report at Group level and OTSO level is presented to and discussed with the individual members of the Executive Board and the Business Executive Committee and submitted to the A&RC of the Supervisory Board. The report is shared and discussed with the Dutch Central Bank (DNB), the Dutch Authority for the Financial Markets (AFM) and the (internal and) external auditor.	Page 89
Other key stakeholders		References annual report a.s.r. 2019:
Dialogue with other key stakeholders	The a.s.r. organisation has a diverse set of stakeholders with varying interests and expectations. a.s.r. identifies customers, investors, employees and intermediaries as its most important stakeholder groups. These stakeholder groups significantly influence the performance of a.s.r. and are conversely affected by the organisation's activities, products and services. Other stakeholders of a.s.r. include business partners, regulators, tax authorities, suppliers, trade unions, the media and civil society organisations.	Page 24 and 321

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

		References annual report a.s.r. 2019:
Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	a.s.r. describes its long term value creation in chapter 3 of the Annual Report 2019.	Pages 34-61
Participate in relevant disclosure or reporting frameworks	The Annual Report has been prepared in accordance with the GRI Standards: Core option. The GRI table, including additional information not included in the annual report itself, can be found in Annex F. In addition, the Integrated Reporting Framework of the IIRC (International Integrated Reporting Council) has been used to further integrate the financial and non-financial information into the management report.	Page 313-314 and 327
Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	The a.s.r. organisation has a diverse set of stakeholders with varying interests and expectations. a.s.r. identifies customers, investors, employees and intermediaries as its most important stakeholder groups. These stakeholder groups significantly influence the performance of a.s.r. and are conversely affected by the organisation's activities, products and services. Other stakeholders of a.s.r. include business partners, regulators, tax authorities, suppliers, trade unions, the media and civil society organisations.	Page 24 and 321

