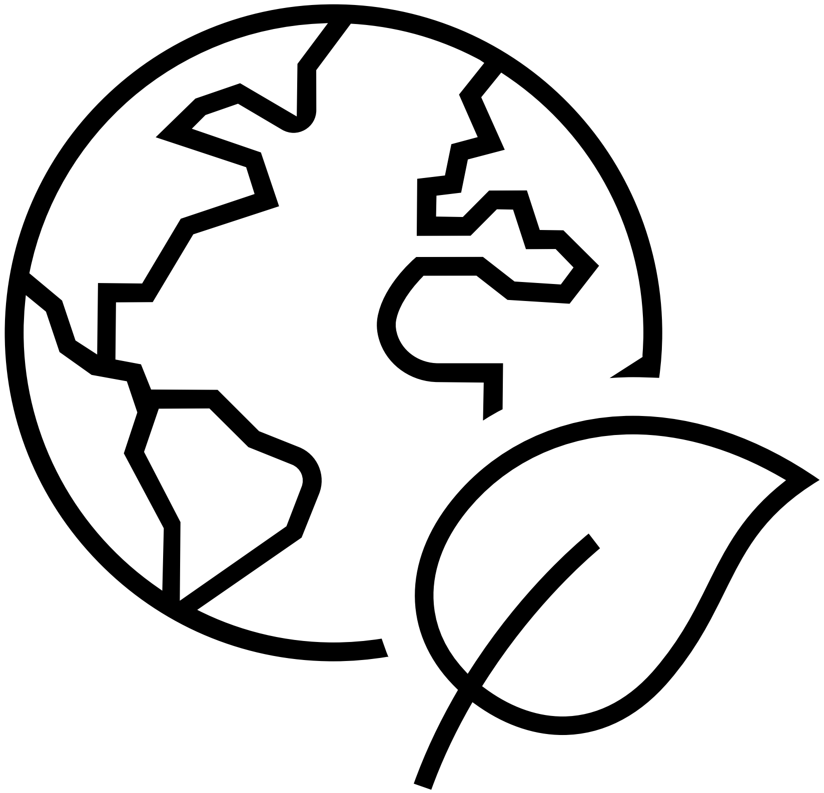
a.s.r.
asset
management



Quarterly ESG Update - Q4 2018

a.s.r. asset management

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ESG Investing

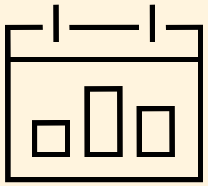
Bored of Brexit? Then you'd better have a look at the findings of the World Economic Forum's Global Risks Report 2019. For institutional investors a 'must read', to know which geo-economic tensions we're facing. Risks associated with climate change are perceived as the global risks with the highest impact and likelihood, like in previous years.

But there's also good news to share with you in this quarterly. Like the release of the latest report from the Platform for Carbon Accounting Financials (PCAF), or the increasing availability of sustainable benchmarks. And the successful completion of our climate-savvy Asset Liability Management/Strategic Asset Allocation (ALM/SAA) pilot project with Ortec and other financial institutions, to integrate quantified physical and transition risks and opportunities associated with different global warming pathways into traditional multi-horizon, real-world scenario sets that drive strategic investment decision-making. Or the shorter version for long term investors: 'the trend is your friend'. Enjoy reading!

Want to learn more about a.s.r.'s sustainable investing?
Visit our website.

In this update

Climate

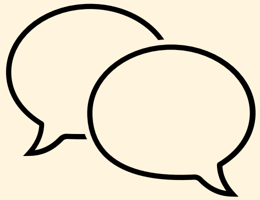


Carbon footprint 99,7 tCO_2/€ million invested

The social side of the energy transition

Active ownership

a.s.r. voted at 67 shareholder meetings



2 engagement trajectories successfully closed

Other news

New PCAF report published

a.s.r. in PAX Hall of Fame

Climate and Energy Transition

Just transition

Climate change and energy transition are the focus themes of the a.s.r. responsible investing policy. We aim to accelerate the shift towards a low-carbon economy by investing in those companies that contribute to the energy transition and by excluding those that have high negative impact such as coal producers and shale gas and tar sand companies.

Over the last years, the call to make sure this transition happens in a socially inclusive way, is also getting louder. While research shows that the low-carbon economy will create new jobs and boost prosperity, it will inherently also lead to loss of certain jobs, affecting local communities around the globe.

As an investor, a.s.r. is aware of its role and responsibility in contributing to a so-called just transition: leaving no one behind in line with the UN SDGs. We have therefore signed the UN PRI statement on "Investor commitment to support a just transition on climate change" and will continue to monitor and further incorporate the social impact of climate change action into our investment policies.

Climate resilience of the a.s.r. investment portfolio

In the summer of 2018, a.s.r started a pioneering pilot together with Ortec Finance. In an effort to integrate quantified risks and opportunities associated with climate change (1.5°C, 3°C and 4+°C pathways), into standard, forward-looking financial scenario's.

The pilot has established the importance for investors to consider the macro-economic and systemic implications of different global warming pathways (top-down approach). The currently dominant holdings-based focus (bottom-up approach) does not sufficiently capture the structural impacts of climate-related risks on the global economy, and how this in turn affects an investors' overall performance. Transition under the different climate pathways is likely going to be disorderly, forming a key risk management priority.

>> Jack Julicher, CEO a.s.r. Asset Management: "Linking scientific climate data to ALM/SAA tooling, is a novel approach to mapping potential future climate impacts on investment performance. a.s.r. is proud of being part of this pioneering development. The results of this pilot will contribute to take informed investment decisions for allocations to asset classes and regions, and therefore to construct a more climate resilient investment portfolio in line with the Paris Agreement and the Spitsbergen Ambition. Furthermore it will enable us to report forward-looking, scenario-based disclosure along the lines of the framework set out by the Task Force on Climate-related Financial Disclosures (TCFD)."

CO_2-footprint of our investments

At a.s.r. we believe that measuring and reporting the carbon footprint of our investments is an essential first step to develop a climate change resilient portfolio. Together with 13 other Dutch financial institutions, united in PCAF, a.s.r. works at developing an open source methodology for carbon accounting. As active members of the working groups Mortgages & Commercial Real Estate and Indirect Investments, we are currently further expanding the methodology to additional asset classes.

The calculation methods[1] as defined by PCAF and complemented with the Total Assets Estimates (TAE) metric lead to a carbon footprint of 99.74 ton CO2 eq per million EUR invested at the end of December 2018. In figure 2, on the next page, the actual development of the carbon footprint over the last 7 quarters is presented.

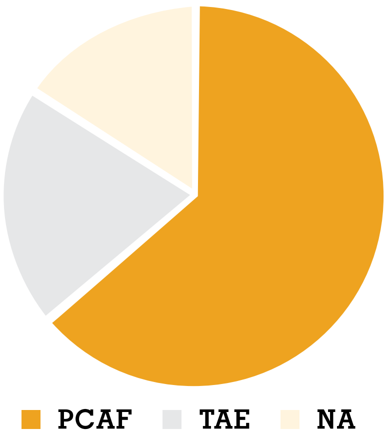
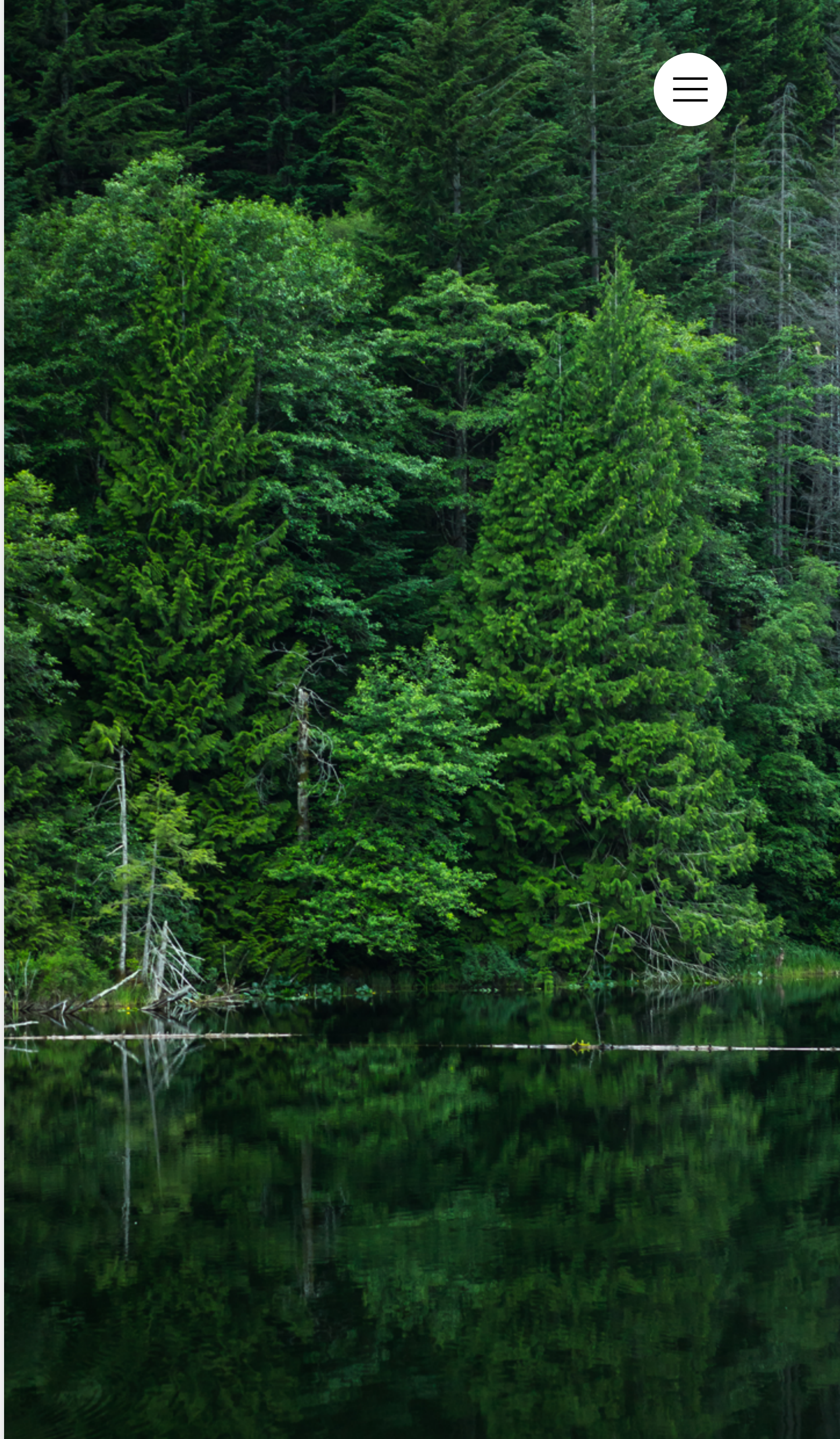


Figure 1: Methodology used for calculation.

[1] For the most recent methodology description, please see our website.



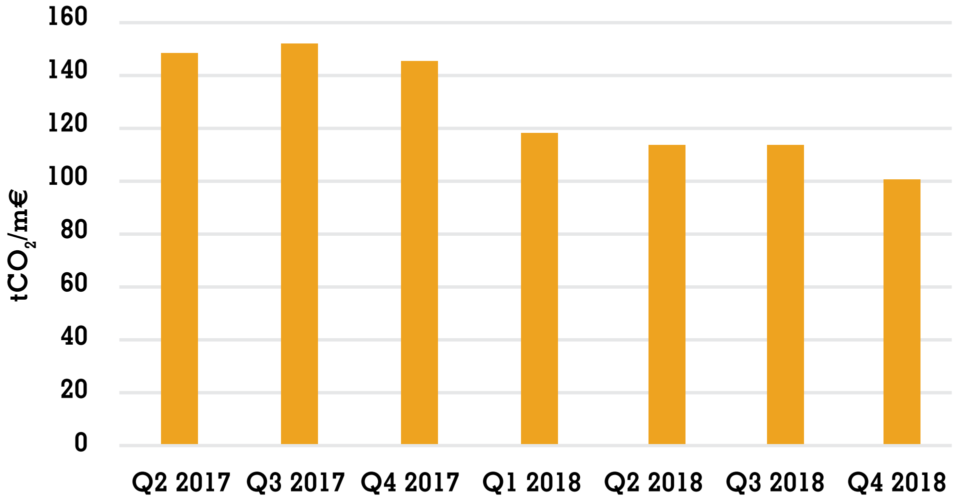


Figure 2: Carbon Footprint a.s.r. investments.

There has been a consistent reduction of emissions per million Euro invested. An important driver for reduction is a.s.r.'s sustainable investment policy, which includes best-in-class investments and excludes large emitters such as coal companies. We see that best-in class companies are often more aware of their environmental responsibilities, which may lead more efficient use of energy and a more sustainable energy mix.

Over the last months, we've added several asset classes to our calculations for carbon accounting. Amongst others, these asset types include structured products (e.g. ABS), cash and cash equivalents, investment vehicles (e.g. ETF's, investment funds, etc.), and some fixed income instruments (e.g. loans, etc.). Despite the increased scope of our investments included in our calculations, we've managed to reduce the overall carbon footprint per million EUR of our investments by 32% since Q4 2017.

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. As result we see that the ESG funds investing in companies already achieve a lower carbon footprint compared to their respective benchmark, see figure 3.

For sovereign investments the picture becomes a little more skewed. The ESG sovereign debt fund has a larger carbon footprint than its benchmark due to its overweight in Germany and underweight in France, whose energy production is highly based on nuclear energy. a.s.r. SRI policy knows restrictions for nuclear energy due to its controversial character and the environmental risks involved with the storage of nuclear waste and global impact of potential nuclear meltdowns. At the same time a.s.r. remains fully committed to achieving the carbon reductions necessary to limit climate change, and appreciates that Germany's commitment to its "Energiewende" will have a long-term positive impact on the sustainability of the country.

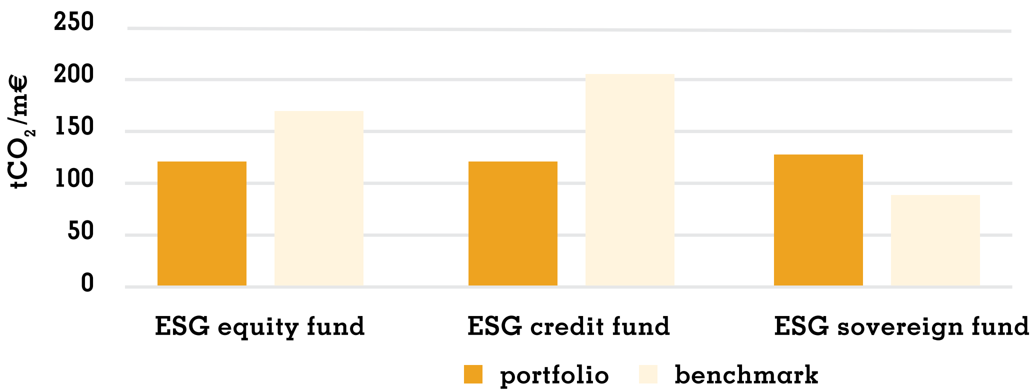


Figure 3, Carbon emissions for ESG fund range as per December 31 2018.

Active Ownership

New engagement: Methane Emissions in Oil & Gas sector

The oil and gas sector has a significant impact on global greenhouse gas emissions. More specifically, methane is an important driver of greenhouse gasses induced global warming and 25 times more harmful than CO_2. Being the World's 4th largest oil and gas company, Total SA has a high exposure on methane leakage during natural gas operations (with 1.7% leakage rate according to the IEA).

As part of the Dutch CIO Exchange Engagement on methane, a.s.r. has started conversations with Total SA on their methane-reduction targets. The Dutch CIO Exchange Engagement on Methane is an investor-led initiative to engage with those European oil & gas companies that are the largest corporate greenhouse gas emitters, with the objective to curb emissions across the value chain, strengthen climate-related financial disclosures and improve governance of climate-related risks.

While the company is a frontrunner in the industry regarding their ambition, they are not yet fully transparent on their progress. This investor-led initiative to engage with the highest emitting European oil & gas companies, has the objective to curb emissions across the value chain, strengthen climate-related financial disclosures and improve governance of climate-related risks.

Closed engagement: Data Privacy

Data privacy is a growing concern of society, and telecom and internet companies increasingly face risks regarding privacy and freedom of expression related controversies. Such breaches could result in lawsuits and fines, and mistrust from costumers The relevance of these issues is becoming even more important due to continued digitalization. The growing importance of data privacy as well as recent controversies and new developments such as the EU General Data Protection Regulation (GDPR) were the focus of the engagement with Google and Facebook.

As Google has shown its commitment to GDPR and took significant steps in their own engagement with their stakeholders on the topic of data privacy. The engagement with Google has been successfully closed.

Facebook has been confronted with a range of data privacy issues over the course of 2018. The company's risk management processes in place to address these issues are not yet convincing on all subjects. The engagement with Facebook will have follow up in 2019.

Closed engagement: G4S

Security company G4S has been facing several allegations on human rights violations at Mangaung prison in South Africa and Brook House Immigration centre in the UK. After these incidents engagement has started with aim of implementing sound policies and other measurements to prevent future incidents. After 3 years of engagement, G4S has not shown enough evidence that the company has eliminated the risk of future human rights violations. Although the company has shown accountability and has been transparent, it was not able to prevent new incidents in the Brook House centre. As a result of the unsuccessful engagement, a.s.r. has added G4S to its exclusion list.

Closed engagement: BHP Billiton

Engagement with BHP Billiton was started after the 2015 collapse of the Fundão dam in Brazil. The dam was built by BHP Billiton daughter Samarco to accommodate the waste resulting from the extraction of iron ore in neighboring mines. As a result, a large volume of toxic sludge flooded several villages. 19 people were killed, 600 people had to be evacuated and the toxic mud stream had devastating effects on biodiversity and water quality. BHP Billiton has been engaged on the remediation measures after the incident, as well as company-wide improvement of policy and mitigation measures. The company has been able to provide evidence that they have effectively worked on remediation for the local population affected as well as the environmental damage. While the engagement has been successfully closed, the company will continue to be closely monitored.

For a more detailed report of our engagements visit our website

Voting

a.s.r. exercised its voting rights as a shareholder on 67 (94%) meetings in Q4 2018. Below an overview of the votes against management, with a breakdown on proposal type category:

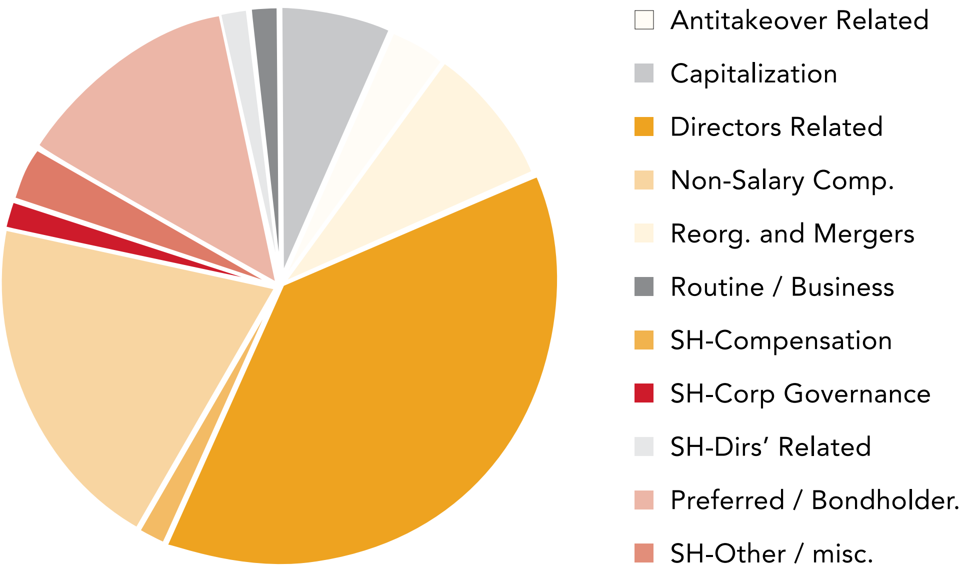


Figure 4: Votes against management in Q4 2018. The indication 'SH' stands for motions put forward by shareholders.

An example of our voting policy is the shareholder request to Oracle for an evaluation and report on gender equality within the company. a.s.r. has voted in favor of publishing such a report, as a.s.r. emphasizes the importance of gender equality in its Responsible Social Investing (SRI) policy and asks companies to monitor potential gender equality gaps. The publication of the requested report would therefore be in line with our views.

For a more detailed of our voting practices visit our website

Other news

a.s.r in PAX for Peace Hall of Fame on (dis)investment in cluster munitions

Each year PAX for Peace publishes a report on the financing of cluster munitions. a.s.r. explicitly excludes companies producing and trading in weapons, including cluster munitions. a.s.r has been included in the PAX Hall of Fame since 2013, as an example of a company with a solid investment policy excluding weapons.

Cluster munitions are indiscriminate weapons that are highly controversial as they often make many civilian casualties. The use of cluster munitions has been forbidden by the Convention on Cluster Munition, signed by 120 countries. However, there are still countries and companies involved in the production of cluster bombs.

The PAX study sees a dramatic drop in investments in cluster munition producers: from $ 31 billion in 2017 to $ 9 billion in 2018. This illustrates the impact financial institutions can have with their investment choices, as each year more producers declare to stop making cluster munitions.

The full PAX report can be found here.

Other news

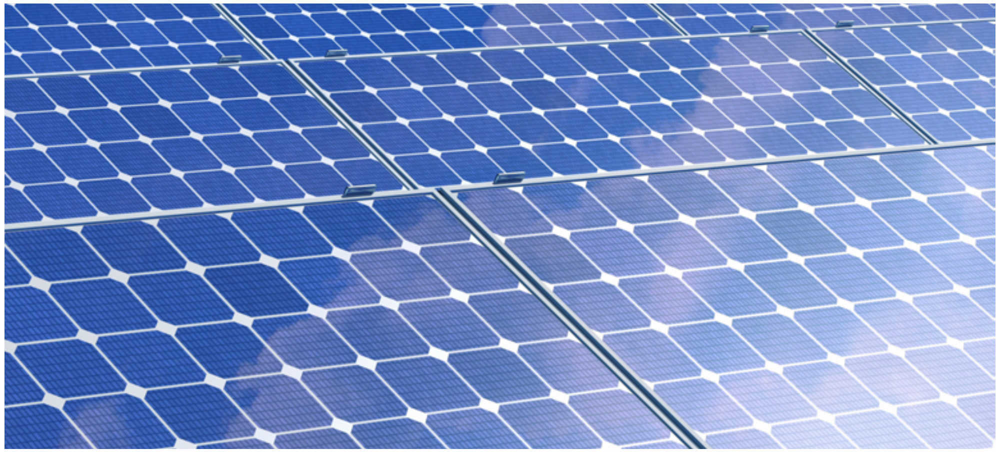
New report: Platform Carbon Accounting Financials (PCAF) released

The 14 financial institutions working together within the Platform Carbon Accounting Financials, including a.s.r., have made considerable progress over the past year in calculating the CO_2 impact of their respective assets under management.

Having worked with the PCAF methodology for over a year, the newly released PCAF report includes best practices and case studies as well as newly developed methodologies for asset classes such as corporate loans and indirect investments.

The report was presented to the Dutch Parliament represented by members of the Committee for Economic Affairs and Climate Policy, the European Parliament in Brussels and at the COP24 in Poland.

a.s.r. included in sustainable Indices



As you'll probably already know, our holding company ASR Nederland is listed at Euronext Amsterdam and included in the AEX-index (ISIN NL0011872643). Given the sustainable profile of our company, we've also been included or reconfirmed in the last quarter of 2018 by the following sustainable benchmarks: STOXX Europe 600 ESG-X Index and Euronext Vigeo index: Benelux 120.

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