



# Overview engagements H1 2020

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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; and
3. Public engagements together with policymakers, government, regulatory bodies, sector organizations and/or other stakeholders to implement and enhance sustainability practices.

## 1. Engagement with the purpose of monitoring

a.s.r. seeks contact with companies for the purpose of gathering ESG information and uses this input in the decision-making process or to trigger engagement for influence. This is an integral part of information exchange with our largest holdings.

## 2. Companies under engagement for influencing

Engagement for influencing focusses on specific and current environmental and social themes. The engagement can be focused on a sector, or on individual companies.

## Governance engagements

Company	Reason for Engagement	Objectives	Status
Novartis*	<p><b>The engagement has been successfully closed</b></p> <p>The engagement focussed on establishing policy and assurance to prevent future Global Compact controversies on corruption from happening. Furthermore, medicine pricing and sales incentives were discussed. The company has made steps in improving internal culture, as also demonstrated during the recent Covid-19 crisis and risk management systems to prevent new controversies in the future.</p>	Elimination of breach	Successfully closed
		Risk management systems in place	Successfully closed
		Policy	Successfully closed
		Transparency	Successfully closed
		Stakeholder dialogue	Successfully closed

## Environmental engagements

## Climate Action

Climate 100+ is an initiative to engage with the world's largest GHG emitters to improve their governance on climate change, reduce emissions and improve climate related disclosures.

Company		Objectives	Status
BASF*	BASF has set CO2 targets and has committed to report according to TCFD guidelines. BASF does not burn raw fossil materials but uses them for its products. It has announced several optimization trajectories to reduce the use of fossil materials and reduce carbon emissions. The company is considering setting SBTs, but a methodology for the chemical sector is not yet available.	Actions to reduce GHG emissions	Progress
		Climate risk management	Progress
		Governance framework on climate related issues	Progress
		Enhanced disclosures	Progress
Enel*	Enel has committed to be carbon neutral in 2050 and phase out coal by 2030. The engagement focuses on improved transparency and reporting on progress, the use of scenario analysis on physical climate risks.	Actions to reduce GHG emissions	Progress
		Climate risk management	Progress
		Governance framework on climate related issues	Progress
		Enhanced disclosures	Progress

## Automotive industry

The automotive industry has been facing several controversies over the last years, amongst others on manipulating data on emissions and fuel consumption. Furthermore, the business model of the auto industry is being challenged by new developments such as the demand for non-fossil ways of transport and increasing regulatory and technological risks. We believe that the business models of car makers will significantly change over the next decade due to, amongst others, mobility becoming a service, the increase of shared mobility solutions and the potentially wide-ranging use of batteries. a.s.r. currently engages 4 automotive companies, on different criteria:

Company		Objectives	Status
Bayerische Motoren Werke (BMW)*	<b>Engagement successfully closed</b> Over the past 3 years BMW has made significant steps in improving its quality management systems. The company is relatively well prepared for the transition to EV although challenges remain. The company has begun to take steps to meet their commitment to the Paris Agreement goals. BMW is encouraged to further improve its external reporting to better reflect its climate related policies.	Effective product quality management systems	Successfully closed
		Impeccable product quality performance	Successfully closed
		Forward looking product development	Progress
		Responsible lobbying	Successfully closed
		Innovative business model	Successfully closed
Daimler*	<b>Engagement successfully closed</b>	Effective product quality management systems	Successfully closed
		Impeccable product quality performance	Progress
		Forward looking product development	Successfully closed
		Responsible lobbying	Progress
		Innovative business model	Successfully closed

Ford Motor*	<b>Engagement successfully closed</b> Ford has committed to net-zero emissions in 2050. It is still encouraged to improve transparency on progress on carbon reduction targets. The company is considered one of the frontrunners in adapting new innovations in the automobile sector.	Effective product quality management systems	Successfully closed
		Impeccable product quality performance	Progress
		Forward looking product development	Progress
		Responsible lobbying	Successfully closed
		Innovative business model	Successfully closed

## Social engagements

### *Sound governance on social and human rights*

Objective of the engagements below is sound governance on social and human rights impacts of new developments in the tech sector, such as Artificial Intelligence (AI).

Company	Reason for Engagement	Objectives	Status
Facebook*	Objective of this engagement is sound governance on social and human rights impacts of new developments in the tech sector such as Artificial Intelligence (AI). This engagement has recently started so no progress can be reported at this stage.	Human rights practices	Neutral
		Product stewardship	Neutral
		Human capital management	Neutral
			Neutral
Apple*	Initial contact with the company has been made, no further developments to be reported.	Stakeholder engagement	Neutral
		Design, Development and Implementation	Neutral
		Due Diligence	Neutral
		Governance	Neutral
		Policy and Guidelines	Neutral
Alphabet*	Alphabet has shown little stakeholder engagement on human rights and social issues over the past months and has not responded to shareholder proposals.	Stakeholder engagement	Negative
		Design, Development and Implementation	Neutral
		Due Diligence	Neutral
		Governance	Neutral
		Policy and Guidelines	Neutral

Company	Reason for Engagement	Objectives	Status
Pepsico	<b>Unsuccessfully closed.</b> While the company has taken steps to improve its labelling to inform customers better, it has shown too little commitment to reduce the sugar levels in its products during the engagement.	Responsible lobbying	Successfully closed
		Responsible marketing	Unsuccessfully closed
		Product labelling	Successfully closed
		Innovation Management	Unsuccessfully closed
		Product reformulation	Unsuccessfully closed

## Labour rights – 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 Dutch financials assess and engage investee companies on the topic of living wage. 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.

<b>Platform Living Wages Financials</b>			
<b>Garment and Footwear</b>			
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			
<b>Retail</b>			
Ahold Delhaize	Casino Guichard- Perrachon	Metro A.G.	Carrefour
Tesco			
<b>Food &amp; Agri</b>			
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

### 3. New public policy engagements

#### *Call on pharmaceutical companies for cooperation in combating 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. While several pharmaceutical companies have been focusing on cooperation and combating Covid-19 instead of solely increasing profit margins. But there have also been examples of companies that do not appreciate the fact that the Covid-19 crisis is not a business as usual situation, and that financial considerations should come second to the global challenge of getting Covid-19 under control.

A wide range of communities in both developed and developing countries have been hit hard. In the investor statement, pharmaceutical companies are asked to abide to the following principles:

1. Ensure 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.

### *Deforestation in Brazil*

Tropical forests play a crucial role in tackling climate change, protecting biodiversity and ensuring ecosystem services. The escalation of deforestation in Brazil and the recent developments of adjusting environmental protection laws in favour of those involved in deforestation, are alarming. Therefore, together with other investors, we have called on the Brazilian Government to protect the country's natural capital, summarized in the following 5 issues:

1. Significant reduction in deforestation rates, i.e. showing credible efforts to comply with the commitment set down in Brazil's Climate Law, article 19.
2. Enforcement of Brazil's Forest Code.
3. The ability of Brazil's agencies tasked with enforcing environmental and human rights legislation to carry out their mandates effectively, and any legislative developments that may impact forest protection.
4. Prevention of fires in or near forest areas, in order to avoid a repetition of fires like in 2019
5. Public access to data on deforestation, forest cover, tenure and traceability of commodity supply chains.

During the past months there have been talks with the Brazilian Central Bank, Government and several representatives of Parliament. We will continue to monitor and discuss our concerns about the risks that deforestation poses to our long-term financial interests and those of our clients. We believe this engagement is a good and necessary addition to earlier calls upon companies to take their responsibility in preventing the large-scale forest fires in Brazil and Bolivia and to the responsible sourcing of meat – meat production being one of the largest drivers for deforestation in the Amazon.

### *Covid-19 in supply chains*

The Covid-19 crisis is having huge social and economic impacts worldwide. Workers in some international production chains are especially vulnerable, for example in the textile- and meat processing industries, where risks of forced labour and additional health hazards are high. a.s.r. has started conversations with companies in these sectors to discuss these social risks and urge companies to keep take their social responsibility, even during a crisis. Also, in the regular engagement dialogues the impact of Covid-19 in supply chains is discussed.

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