

Sustainable Insurance Policy a.s.r.

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1. Introduction and context

Societal challenges such as climate change, loss of biodiversity, increasing social and economic inequality, an ageing population and rising healthcare costs are strongly linked and affect us all. The commitment of the business community is essential to solving this. It is meanwhile clear that if a company does not pay attention to sustainability, it will lose its right to exist in the long run. At the same time, a company must ensure financial solidity and continuity. This, too, is sustainable. At a.s.r., sustainability is part of everything we do and of the narrative of a.s.r.

a.s.r. wants to make a positive contribution to the sustainability of society by continuously working to create sustainable solutions and by playing a leading role in the financial sector in the area of sustainable business. We do this through investments, but also through our insurance products and services. On the one hand, we want to facilitate the transition to an inclusive sustainable society and, on the other, we want to minimise our negative impact as much as possible.

To achieve this ambition, we have integrated sustainability into our strategy and core activities. Three policy documents give concrete expression to this:

- Our strategy on sustainable business is set out in our [Strategic Framework Sustainability](#). Central to this policy are three themes in which we see our greatest social impact. Developments within these themes affect our financial performance and at the same time we can create long-term value for society in this context: Financial self-reliance and inclusion, Vitality and sustainable employability, and Sustainable living.
- Our [Socially Responsible Investment \(SRI\) Policy](#) describes how we incorporate sustainability into our investments. We invest our customers' premiums in, for example, companies, industries and countries that contribute to sustainability, based on ethical and sustainable criteria. We have a strict exclusion policy for controversial activities, including the arms trade, child labour, tobacco and gambling and companies that derive a large part of their turnover from nuclear energy, coal, oil, shale and tar sands.
- The Sustainable Insurance Policy describes how we integrate sustainability (or: ESG¹) into our insurance products and processes. It provides frameworks and points of reference for the application of sustainability criteria in 1) risk assessment and customer acceptance (together referred to as 'underwriting') and 2) in product development and pricing.

External commitments

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 requires insurers to incorporate sustainability into business strategy, risk management and underwriting, product and service development, claims management, sales and marketing, and investments (in accordance with PRI). In 2021, a.s.r. committed itself to the Net Zero Insurance Alliance (NZIA), aiming for a climate-neutral insurance portfolio by 2050 at the latest.

2. Scope

This Sustainable Insurance Policy applies to the business units of a.s.r. that offer insurance products and services. These include Non-life, Disability, Healthcare, Pensions, Life and Funeral. a.s.r. offers products and services in the field of non-life insurance (traffic, fire, liability and legal expenses insurance and travel and leisure insurance), life insurance (including funeral insurance and group and individual pensions), income protection insurance and healthcare insurance. The Sustainable Insurance Policy was formalised and adopted in May 2021 by the Executive Board of a.s.r. The policy is reviewed annually to determine whether it needs to be adjusted or renewed on the basis of internal and external factors.

1 ESG stands for Environmental, Social and Governance.

3. Sustainability in underwriting

This part of the policy applies only to business lines with business customers (companies). These concern Non-life, Disability and Pensions. It is applied to new customers, and to new contracts or contract renewals with existing customers.

Sustainability is integrated into the various phases of our underwriting process and into relationship management:

1. Risk assessment, including acceptance or refusal
2. Relationship management and engagement

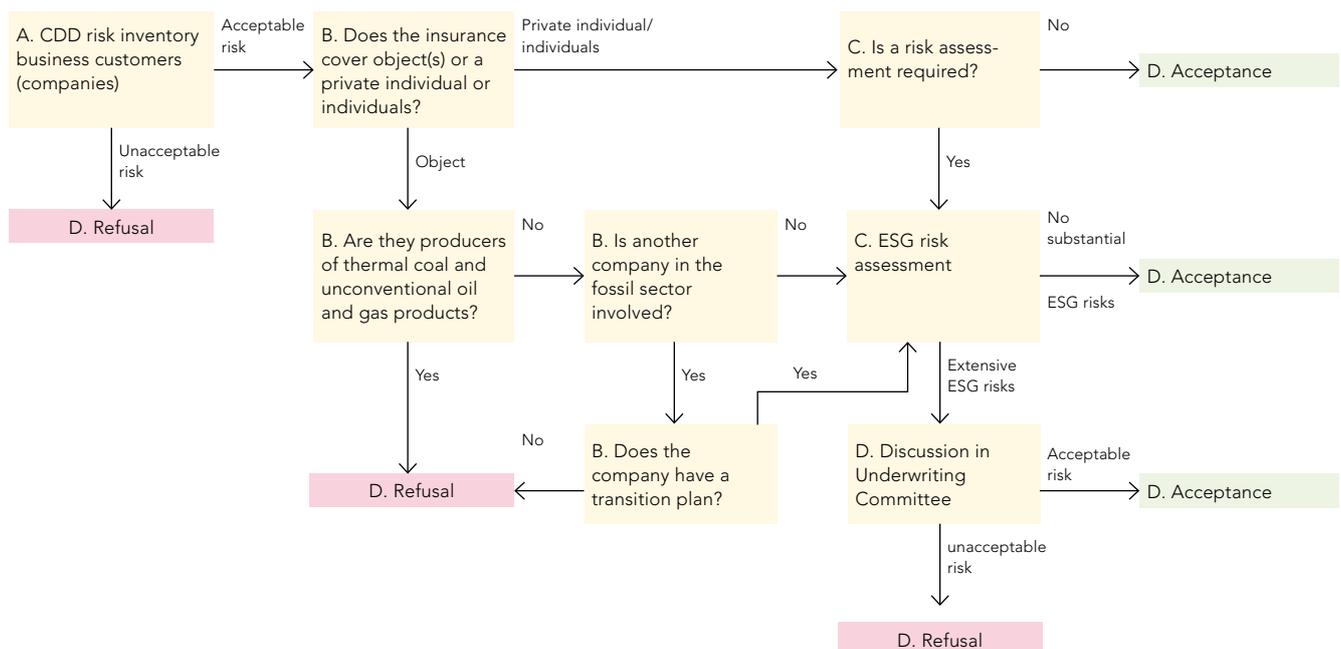
3.1 Risk assessment

Taking risks and weighing them is what insurance is about, in which context we start from a prefixed risk appetite and periodically updated underwriting acceptance guidelines. In the considerations we make, we also take sustainability risks into account. By sustainability risks we mean risks relating to the environment, social issues and governance, collectively abbreviated to ESG risks. We do this in two ways: through the CDD risk inventory and through the ESG risk assessment.

Making new, sustainable initiatives insurable

In the underwriting process, a.s.r. frequently comes across potential initiatives that have a positive impact on making society more sustainable and/or contribute to the energy transition. To this end, the Non-Life business unit has set up a Sustainability Desk where intermediaries can ask questions about new sustainable initiatives and/or whether these are insurable with a.s.r. This route aims to ensure that such new sustainable initiatives are always examined in detail. Whilst gaining as much knowledge as possible, we focus on making these initiatives insurable.

The process of acceptance of business customers (i.e. not private individuals) can be summarised as follows:



Process description

A. The CDD risk inventory

The ESG risk inventory is supplemental to our 'know your customer' policy (Customer Due Diligence policy²). This policy outlines how we identify, analyse and assess integrity risks. According to this policy, we will not enter into a relationship, or terminate such relationship, with customers and suppliers who have been identified as an unacceptable risk:

- Customers with a non-transparent organisational structure (especially if the structure has been set up to avoid/evade taxes);
- Customers who have a non-transparent (shareholder) structure or customers who do not wish to disclose their ultimate beneficial owner or owners (the UBO).
- Customers who wish to remain anonymous or provide false identity information/identification;
- Customers who refuse to provide the legally required information documents;
- Customers who are on sanction lists or who have failed an EVA, IVA, FISH, SFH or other integrity test;
- Customers about whom there are signals that they may be linked to money laundering, terrorist financing, human rights violations, serious environmental crimes, fraud, tax evasion, greenwashing, a criminal organisation or criminal activities or other conduct and aspects that could jeopardise the integrity and good reputation of a.s.r.

We also do not enter into or continue a relationship with customers who are associated with:

- the sex industry, including prostitution;
- the drugs trade, including the production and sale of drugs and soft drugs (including coffee shops, grow shops, shisha lounges and shisha shops);
- unregulated games of chance/the gambling industry;
- the trade in ivory or exotic animals and fur farms;
- callshops;
- the arms trade³.

B. Objects or private individuals?

If a company is not excluded on the basis of integrity risks in the CDD risk inventory, it is considered whether the company wants to take out insurance for a private individual or individuals or insurance for an object. Insurance for private individuals refers to income protection insurance or pension insurance. If insurance of an object/multiple objects is involved, and thus a direct contribution to facilitating economic activities, a.s.r. does not want to accept producers of thermal coal and unconventional oil and gas products (such as shale gas, Arctic oil and tar sands), due to the significant impact of these companies on climate change.

Other customers who want to insure an object/multiple objects and are fossil industry companies (companies that produce, process, distribute or make electricity from gas, oil or coal) must be able to demonstrate that they have a transition plan in place with the aim of bringing emissions in line with the transition path of the Paris Agreement to limit global temperature rise to no more than 1.5 degrees Celsius. If they do not have a transition plan, they will not be accepted as customers. If the customer does have a transition plan, an ESG risk assessment should be carried out (see below). This is also the case when a company wants to insure a private individual or individuals, instead of an object.

C. The ESG risk assessment

If the (potential) customer constitutes an acceptable risk based on the CDD risk inventory, an ESG risk assessment follows when the (potential) customer, as far as can be ascertained, meets one or more of the conditions below. These conditions do not constitute a list of exclusion criteria, but are a trigger for an ESG risk assessment.

² CDD policy: Customer Due Diligence version 2022

³ These are not licensed companies that sell weapons and ammunition for, for example, legal weapons activities.

1. The customer is on the exclusion list of our asset manager a.s.r. asset management (see '[Overview excluded companies by controversial activities and behaviour](#)'). Companies get on this list for the following reasons:
 - a) Serious or repeated violations of the principles of the UN Global Compact (concerning human rights, labour rights, the environment and anti-corruption)
 - b) Companies in the arms industry
 - c) Companies in the gambling industry
 - d) Companies in the tobacco industry
 - e) Companies in which more than 50% of the revenue comes from nuclear energy
 - f) Companies deriving any revenue from the mining and production of thermal coal and companies deriving 5% or more of their revenues from unconventional oil and gas resources (shale gas and oil, tar sands and Arctic oil)
 - g) Companies in which more than 20% of the revenue comes from electricity production from coal
2. The customer represents a substantial premium volume⁴, is not on the exclusion list of a.s.r. asset management, but does meet one or more of the above (under re 1) reasons. This may apply, for example, to large companies in which a.s.r. asset management is unable to invest.
3. The customer represents a substantial premium volume⁵ and falls within one of the other identified sensitive sectors:
 - a) Companies in which animals are exploited:
 - Intensive livestock farming, where animal welfare is not guaranteed⁶
 - Companies that make use of animal testing
 - b) Other fossil industry companies (in addition to mining coal, tar sands or oil shale and electricity production from coal).

When a (potential) customer meets one of the three conditions above, the salesperson and/or underwriter will proceed to an ESG risk assessment. This risk assessment should be made jointly by at least two people, (salespersons and/or underwriters), and be recorded. In this case, the application should in any case also be assessed by Investigations, taking into account the weighing-up carried out by the business unit.

At least once a year, knowledge sessions are held at which underwriters discuss substantive underwriting topics in more detail, including ESG risks. Here, dilemmas, borderline cases, impactful cases and social developments can be discussed and shared together.

D. Acceptance or refusal

In case of substantial ESG risks or multiple ESG risks, the salesperson or underwriter will escalate the risk assessment to the Underwriting Team, where it is discussed in the presence of employees with diverse backgrounds. This Team may decide to reject a customer on the basis of ESG risks, or accept customers subject to conditions (such as agreements to mitigate ESG risks). If the Underwriting Team does not reach agreement, the case may be escalated to the senior manager of the relevant business line.

The senior manager of the relevant business line (or another employee of a.s.r.) can also ask the Sustainability Committee of ASR Nederland N.V. for advice. The Sustainability Committee deals with dilemmas, complications and conflicting interests relating to sustainability.

⁴ The amount of this premium volume varies per business line, and can also be expressed in number of participants.

⁵ The amount of this premium volume varies per business line, and can also be expressed in number of participants.

⁶ With the exception of property damage insurance, where intensive livestock farms are not accepted as customers due to underwriting reasons.

3.2 Relationship management and engagement

After customer acceptance, a.s.r. stays in contact with customers. During the business relationship, a.s.r. assesses periodically (or even regularly in case of higher risks) whether the customer still meets the CDD risk profile.

In addition to these assessments, a.s.r. regularly enters into discussions with customers about sustainable business in general and the mitigation of ESG risks in particular. How this is done is determined by each business line. In addition to discussions with customers, we organise meetings for advisors and intermediaries aimed at transferring knowledge and raising awareness of ESG risks and opportunities.

4. Sustainability in products and services

a.s.r.'s ambition is to contribute to a sustainable society through its products and services. We develop products and services that contribute to solving societal issues.

This is why sustainability is an essential part of our product policy. Examples of products and services developed by us are included in the text box on page 8.

Sustainability and ESG are reflected in the various elements of product policy:

1. The process surrounding product (continued) development and review (PARP)
2. The pricing of products and services
3. The implementation of products and services

This part of the policy applies to all business lines that provide insurance products and services, both to business customers and to private individuals.

4.1 Sustainability in product development

Our ambition is to develop products and services that contribute to solving societal issues and to reduce and mitigate any negative impact of our products and services.

A newly developed or further developed insurance product is tested before it may be offered.

The development and testing is done through the PARP, which is an abbreviation of Product Approval and Review Process. Review in this abbreviation means that existing insurance products also undergo the PARP process periodically. Within the PARP process, a number of criteria are assessed, of which the following two types of criteria have to do with sustainability: customer's interest and societal interest.

1. Customer's interest

Products and services are assessed against the following criteria:

- Cost-efficient: An insurance policy is cost-efficient if it offers good value for money from the perspective of the intended target group of customers.
- Useful: Useful insurance is insurance that meets the needs of the intended target group of customers in an appropriate way.
- Safe: An insurance policy is safe if it offers what is promised and the consequences that the insurance may have are acceptable to the target group.
- Comprehensible: Comprehensible insurance is insurance of which the target group can properly assess the quality and appropriateness.

In addition, a test takes place with regard to ethical data use: The insurance policy has been tested against the Ethical Framework for Data-driven Applications and Decision-making of the Dutch Association of Insurers⁷. The product is also tested in the context of fraud control.

⁷ The Ethical Framework for Data-driven Applications and Decision-making describes how we ensure ethical data use in our key processes, products and services. To protect the autonomy and privacy of customers, prevent discrimination and promote solidarity and insurability in the market, among other things.

2. Societal interest

Additionally, the extent to which products and services have a positive or negative impact on an ESG theme is also assessed. This additional test was developed in 2021 and further tightened in 2022 following amendments to IDD legislation. Product development teams are asked to consider sustainability themselves (using guidance and work instructions) and specifically indicate which sustainability factors apply to the product. Sustainability factors include ecological, societal and employment issues, respect for human rights and the fight against corruption and bribery. Further questions can then be asked in the PARP board about the identified sustainability factors. The responses will be taken into account by the PARP board in its assessment.

The sustainability factors of an insurance product are then transparently presented to the distribution channel. Similarly, the distributor is supported in conducting a personal consultation with its customer about their sustainability needs or preferences and in providing advice that takes into account the target group as described by a.s.r.

4.2 Sustainability in pricing

Within the framework of our regular pricing policy, we focus on making sustainable product elements and cover sustainably insurable and affordable. We do this to encourage and help our customers to become more sustainable.

We also want to actively contribute to the vitality and sustainable employability of insured self-employed persons, employees and private customers. Via a.s.r. Vitality we encourage and reward exercise and a healthy lifestyle. As a pension, income protection and health insurer we share the benefit of this with the customer through a cashback of part of the contributions. In addition, when pricing pension and disability insurance products for employers, we look at the (historical) inflow into the WIA (Work and Income (Capacity for Work) Act, i.e. incapacity for work after illness). From a certain company size onwards, employers with a high focus on health and vitality and therefore a low intake rate are offered a lower premium.

Climate risks are also explicitly part of the pricing process of our relevant non-life products. The pricing of non-life products, for example, takes into account the impact of climate change on the cost of claims.

4.3 Sustainable implementation

a.s.r. integrates sustainability into its insurance operations by working as sustainably as possible. For example, inspections are done remotely when possible and paper mail is avoided as much as possible. At the Non-Life business line, a report is delivered after a prevention visit, where possible, containing tailored sustainability tips for the customer in question.

In data-driven applications, we make use of an Ethical Framework for Applications and Decision-making, which has been adopted as binding self-regulation by the Dutch Association of Insurers. The aim is to ensure that data-intensive key processes, products, services and applications that affect the customer take into account ethical criteria such as customer autonomy and privacy, the prevention of exclusion and discrimination, and the stimulation and monitoring of the insurability of vulnerable groups or socially relevant activities in society.

Examples of sustainable 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 conscious financial choices.

This is not self-evident for everyone: no less than one in three households have payment arrears, according to research by Nibud. And over 600 thousand households, more than a million people, had problematic debts (debts that cannot be repaid within three years) in 2021, according to research by Statistics Netherlands. a.s.r. therefore helps people to make conscious financial choices, in order to prevent people from getting into debt, or to help them get out of debt. a.s.r. is an insurer for all people who live and/or work in the Netherlands, which requires paying attention to inclusion for vulnerable target groups. Examples of how we do this through our products and services:

- The platform 'I think ahead' for customers to help them make conscious financial choices The tool provides low-threshold insight into the long-term financial situation and is available to both customers and non-customers.
- Starter's mortgage, giving first-time buyers on the housing market longer to repay their mortgage and making their housing costs more affordable
- Funeral insurance for customers of administrators (e.g. mentally impaired people) allowing them to take out funeral insurance without thresholds or health questions.

Vitality and sustainable employability

Health and vitality are of increasing concern, partly due to social developments such as rising healthcare costs and an increase in the state pension age. a.s.r. therefore focuses on the prevention of illness, absenteeism and occupational disability in order to stimulate sustainable employability.

Examples of how we do this through our products and services:

- *a.s.r. Vitality*: a programme to motivate customers to make healthier choices, including cashback on contributions paid.
- *Doorgaanverzekering*: disability insurance with accompanying supplementary healthcare insurance gives employers and self-employed persons the means to increase the sustainable employability of employees and prevent staff absenteeism for a longer period of time through prevention services such as a Mindfulness course and a Personal Health Check.
- *The Langer mee AOV*: a disability insurance policy for self-employed persons with physically demanding professions (from ballet dancer to plasterer) that includes additional services such as coaching sessions with occupational consultants, Personal Health Checks and retraining advice.

Sustainable living

a.s.r. wants to help customers protect themselves against the risks of extreme weather, but also by supporting customers live (more) sustainable. Examples of how we do this through our products and services:

- *Sustainable repairs*: a service for a.s.r. Non-life customers that allows them, if desired, to have their damage repaired in a sustainable manner by a network of repair companies certified for sustainable repairs.
- *Verduurzamingshypotheek*: an additional amount that existing and new a.s.r. Mortgages customers can borrow at extra-low interest rates to make their homes more sustainable. The money can only be used for energy-saving measures.
- *Home insurance*: in 2022, a.s.r.'s home insurance policies were extended to include the option of sustainability after damage, in addition to various sustainability options included in the cover, such as solar panels, heat pump, (mini) wind turbines and charging stations. With this cover, it is possible to make a home more sustainable when repairing damage. For example: installing a green roof, introducing green measures to gardens, HR+++ glass or insulating walls or roofs.
- *Flood cover*: Customers with business or private buildings insurance are insured by a.s.r. against damage caused by flooding of secondary flood defences. Customers with a business or private home insurance are insured at a.s.r. for damage in case of secondary water-control structures.
- *Insurance for electric vehicles and boats*: Attractive rates for electric variants of cars and boats.

