

An aerial photograph of a modern urban development. In the foreground, there are two large, curved solar panel arrays installed on a grassy area. A winding waterway flows through the site, separating the solar panels from a residential area. The residential area consists of numerous colorful, multi-story houses arranged in a grid-like pattern. To the left, a highway with multiple lanes runs parallel to the development. The background shows more urban areas and green spaces under a clear sky.

α.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen

Climate Report α.s.r. 2021

Vision, policy and progress



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α.s.r. does it: our contribution to combating climate change

In the summer of 2021, the IPCC published an important report. It shows that the climate is changing rapidly and that mankind is undeniably the cause of this. IPCC stands for Intergovernmental Panel on Climate Change and is the United Nations climate panel. The conclusions of the report are harsh. IPCC warns that only with drastic measures can we limit the temperature increase to well below 2 degrees Celsius. If we fail to take these measures, warming will become more and more intense, resulting in more and more extreme weather and an even greater rise in sea level. To avoid this, greenhouse gas emissions must be halved by 2030, compared to the pre-industrial era, and zero emissions must be achieved by 2050.¹

Focus on sustainability

a.s.r. sees this as a confirmation of the urgency we feel at a.s.r. to realise our climate ambitions and targets. Sustainability has been an important theme in our company since 2007. My personal philosophy is that with each decision we take we must ask ourselves whether it adds to the future's sustainability, whether or not it causes harm to future generations. As an insurer, we enter into long-term commitments with customers, which makes it logical for us to have a long-term horizon as an investor as well. We all benefit from taking due care in how we deal with our planet. We believe that with our products, services and investments we can contribute to solving societal

issues within our sphere of influence. That we must create as much positive impact as possible and reduce our negative impact. We see our greatest societal impact within three themes: developments within these themes affect our financial performance; at the same time, we can create long-term value for society within these themes. 'Climate change and energy transition' is one of these three themes, which we will discuss in more detail in this report.

a.s.r. is already experiencing the risks of climate change, as storms and flooding are causing our claims burden to increase. A few years ago, we therefore decided to start to measure the CO₂ emissions of our investments. Our target was to map at least 95% of our investments, real estate and mortgages. We succeeded and that is something we are proud of. The next step is that we can now reduce CO₂ emissions in a targeted way. Here, too, we set ambitious targets. For example, in December 2021 we announced that we would be phasing out fossil investments step by step. The second thing we do is invest in companies and projects that help improve the climate, such as investing in solar panel and wind farms. Thirdly, we also want to exert influence in our core task as insurer by making the energy transition insurable, and steering towards sustainable damage repair. We also see an important role for a.s.r. in facilitating and encouraging our customers to get to work on sustainability and making their homes or businesses climate-proof.





Helping by doing

As a financial institution, we can make a contribution to improving the climate. We are constantly working on new solutions. I consider a.s.r. a forerunner, but I am pleased to say we are not alone anymore and more and more banks and insurers are working on this. This I see as a positive development, because we all need to hurry in order to prevent far-reaching global warming.



Jos Baeten,
Chairman of the Executive Board



1. Introduction

Climate change and energy transition is one of the three core themes in a.s.r.'s sustainability policy. Climate change creates risks for our company, our customers and society at large. Therefore we want to reduce our carbon footprint and invest in activities that support the energy transition. In addition, we help customers with our insurance products and advice on reducing climate risks.

1



Financial self-reliance
and inclusion.

2



Vitality and sustainable
employment.

3



Climate change and
energy transition.

In recent years, climate change and energy transition has become an increasingly important theme within a.s.r. Our stakeholders, too, are increasingly interested in our climate policy. For this reason, it was decided to write this climate report with the aim of describing the principles and activities surrounding climate in an accessible style.

Chapter 2 first provides an overview of the risks of climate change. Subsequently, in chapter 3, we will discuss our climate targets, the pillars of our climate policy and the governance structure. Finally, in chapter 4, we will describe the approach and instruments used in our investments and insurance products.

This document is a snapshot in time. At a.s.r., we are constantly measuring and evaluating our efforts and developing new tools that we can use to combat climate change. This will translate into new activities and new versions of this document in the coming years.

a.s.r. welcomes readers to provide feedback on this document and invites everyone to contribute constructively to solutions that will help prevent far-reaching climate change.





2. Climate change has a major impact on our work

Since the industrial revolution, mankind's impact on the climate has been increasing. This is mainly due to the emission of greenhouse gases such as carbon dioxide (CO₂) and methane, which trap heat and cause the earth's temperature to rise. This process is now moving faster than ever. In the past 130 years, the world has warmed up by 1 degree Celsius and the sea level has risen by 20 centimetres due to the warming and melting of ice caps. In the Netherlands the temperature even rose 1.7 degrees Celsius.²

This warming has major consequences for people and nature. Increasingly we experience extreme weather, such as more heavy rains, heavier storms and longer dry and hot periods. Global warming also causes heat stress and lower productivity, especially in agriculture and construction. In addition, the changing climate is detrimental to our health, among other things because it causes more infectious diseases to emerge due to changes in temperature, humidity and precipitation. Rising temperatures cause water quality to deteriorate, as bacteria and algae develop more rapidly. Insects that used to be absent in the Netherlands can also suddenly survive. One example is the tiger mosquito, which can transmit the zika virus, dengue fever and yellow fever. Moreover, there is a strong link between climate change and loss of biodiversity, as the effects of climate change are exacerbated by biodiversity loss. This negative influence also applies the other way round.

These developments affect us as insurers. Damage due to extreme weather is increasing and insurers will have to pay out more and more. There is also a risk that climate change will lead to higher healthcare costs. As a result, insurance premiums may come under pressure and may even become unaffordable in the long run. The Dutch Association of Insurers expects that, in the most extreme scenario, droughts and flooding caused by climate change will cost Dutch insurers an additional 250 million euros each year.³ Climate change also affects our investments in companies, real estate and land. These may become significantly reduced in value as a result of climate change, or can become so-called stranded assets - investments that are no longer worth anything because they have not kept up with the energy transition.



2.1 Paris Climate Agreement

In order to slow down global warming, 195 countries signed the Paris Climate Agreement in 2015. Agreements were made to reduce greenhouse gas emissions, with CO₂ as the most important gas. The aim is to limit warming to well below 2 degrees Celsius and preferably no more than 1.5 degrees Celsius compared to the average temperature on earth before the industrial revolution.



At the Glasgow 2021 Climate Conference, it became clear that global warming must remain below 1.5 degrees Celsius in order to prevent dangerous climate change. The first part of the climate report published in that year by the Intergovernmental Panel on Climate Change (IPCC) states that the climate is changing faster than assumed. IPCC warns that limiting warming to 1.5 degrees Celsius is only possible if greenhouse gas emissions are reduced quickly and on a large scale. The second part of the IPCC report (released in February 2022) once again makes it clear that we need to move faster to secure a liveable future. In Glasgow it was therefore agreed that countries must come up with tighter climate targets for 2030 by the end of 2022.

2.2 Impact of climate change on a.s.r.

For a.s.r., climate change is a direct risk, both to our liabilities - the claims we pay out - and to our assets - the value of our investments. Climate related risks can be divided into physical risks and transition risks.

- ✓ Physical risks are related to the impact of changing weather conditions. This includes, for example, damage to homes and business premises or damage to cars and other means of transport. Climate change may also lead to more (long-term) ill people and an increased demand for care. These physical risks may be the result of sudden events (acute), such as storms, floods, droughts or other extreme weather conditions. They can also result from gradual changes (chronic), such as rising temperatures, rising sea levels and loss of biodiversity.
- ✓ Transition risks relate to the transition to a climate-neutral society. They

can be the result of new government policies (with stricter standards), technological innovations or changes in the market and consumer preferences. For example, a higher energy tax or an increase in the price of energy can affect the value of homes with a low energy label. The transition to a climate-neutral society can also lead to stranded assets. These are assets that are owned but can no longer be exploited or are worth much less than the value included in the books. One example of this is the large reserves of fossil fuels, which are increasingly being questioned as to whether they will be profitable in the future, especially as governments continue to curb greenhouse gas emissions.

2.3 a.s.r. promotes a climate-neutral society

No matter how far-reaching the effects of climate change are, this is only part of the story. After all, climate change also offers opportunities for action. At a.s.r., we believe we are making a positive impact through our sustainable investment policies and by developing insurance products and services that support the energy transition and help customers adapt to climate risks.

a.s.r. invests in sustainable energy generation and in green buildings. We make our real estate portfolio sustainable and support the companies in which we invest in their sustainability ambitions. We are reducing our own emissions and have adapted our insurance products to cover renewable energy sources and energy-saving measures. Through investments, insurance products and our own business operations, a.s.r. is promoting the transition to a climate-neutral society. In the next chapter, we elaborate on a.s.r.'s vision and strategy on climate change and the energy transition.





3. Our climate policy

a.s.r. wants to play a leading role in the financial sector when it comes to sustainable business. This means that we want to make a positive contribution to making society more sustainable. We put this into practice by prioritising three themes, including 'climate change and energy transition'.

In our climate policy, we systematically take into account the climate effects of our activities. We do this by setting clear targets, developing instruments and reporting clearly on the progress and results of our efforts.



3.1 Our climate targets

Given the enormous consequences and risks that climate change entails, we must speed up our efforts to achieve a climate-neutral society. a.s.r. is aware of this and, as an insurer, investor and property manager, wants to play a role in combating climate change and accelerating the energy transition. In doing so, we set ourselves the following targets.

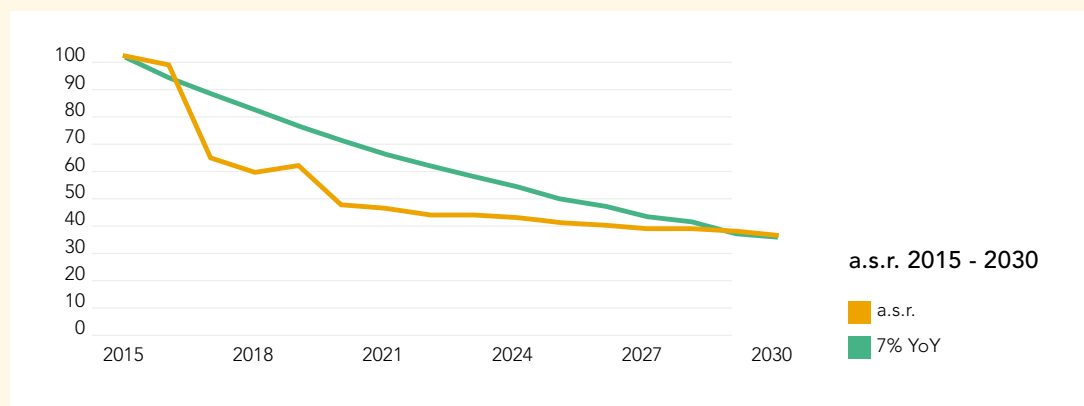
Because of the strong link between climate change and biodiversity, putting a stop to biodiversity loss is also an issue on which we want to set targets and be accountable. We aim to report on these targets and their results by 2024.



Reduction of the carbon footprint of the investment portfolio (equity, corporate bonds, government bonds, real estate investments and the residential mortgage portfolio) by 65% between 2015 (Paris Agreement) and 2030. By 2050, we want to have net zero CO₂ emissions.

65%

Result 2021: **56% CO₂ reduction⁴**



€ 4.5

At least € 4.5 billion of impact investments on the balance sheet by 2024. A large proportion of the impact investments that a.s.r. makes are related to promoting energy transition.

Result 2021: **€ 2.5 billion**



2050

Reduction of CO₂ emissions in the insurance portfolio. The aim is to make the insurance portfolio climate-neutral by 2050.

Result 2021: **not yet measurable, methodology is being developed**



We want to reduce the carbon footprint of our own operations by 50% between 2018 and 2025.

50%

Result: **78%⁵**

At the head office, energy consumption will be limited to 50 kWh per square metre (gross floor area) by 2030.

Result 2021: **50.6 kWh per square metre⁶**

50 kWh



3.2 What we are committed to

As a signatory to the Paris Climate Agreement, a.s.r. wants to help limit the global temperature increase to well below 2 degrees and preferably below 1.5 degrees Celsius. a.s.r. has also committed to the Dutch Climate Agreement to reduce CO₂ emissions by 49% by 2030. By signing up to the Net-Zero Asset Managers Initiative, we set ourselves the target of reducing the CO₂ emissions of our investments to zero by 2050. In addition, a.s.r. is a member of the Net-Zero Insurance Alliance, a partnership of leading insurers and reinsurers who together aim to ensure that their insurance portfolios are climate-neutral by 2050. By becoming a member of this initiative, a.s.r. has committed itself to reducing CO₂ emissions in its insurance portfolio.

Besides committing to these targets, a.s.r. is also committed to developing methodologies to make targets measurable and manageable. In order to translate set objectives into feasible policy, a.s.r. supports the Science Based Targets initiative (SBTi), for example, and with the Partnership for Carbon Accounting Financials (PCAF) methodology we measure the carbon footprint of our investments, so that the progress and impact of our efforts can be properly monitored.



a.s.r. signed the Paris Pledge for Action to work towards a safe and stable climate, limiting average global warming to well below 2 degrees and preferably below 1.5 degrees Celsius.



a.s.r. is a signatory to the Dutch Climate Agreement and commits to a 49% reduction in CO₂ emissions between 1990 and 2030.



a.s.r. is a signatory to the Spitsbergen Ambition and aims to measure the climate impact of its investments and contribute to global climate goals.



NET ZERO ASSET MANAGERS INITIATIVE



a.s.r. is a signatory to the Net Zero Asset Manager Initiative and has set itself the goal of measuring the climate impact of its investments and becoming climate neutral by 2050 at the latest.



a.s.r. is a signatory to the Paris Proof Commitment of the Dutch Green Building Council and has set itself the goal of achieving a Paris Proof built environment by 2045.



a.s.r. is a signatory to the Net-Zero Insurance Alliance of insurers and reinsurers who want to reduce the CO₂ emissions of their insurance portfolios to net-zero by 2050.



3.3 Four pillars of a.s.r.'s climate policy

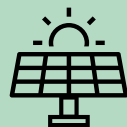
a.s.r.'s climate policy consists of four strategic pillars, through which we manage the risks associated with our investments and insurance products, while at the same time aiming to contribute to solutions.

3.3.1



Helping customers to prevent or reduce climate risks

3.3.2



Stimulating the energy transition

3.3.3



Climate risks are part of strategic risk analyses

3.3.4



Contributing to sector initiatives

3.3.1 Helping customers to prevent or reduce climate risks

Customers receive tips and advice from a.s.r. to prevent damage caused by climate change. For example, by making a tiled garden greener to improve rainwater drainage or by constructing a green roof to promote biodiversity and cool the building. Business customers who are visited by our prevention specialists receive a report after the visit with prevention advice and sustainability tips. These may include tips on energy-saving measures or how to deal with waste and water usage.

In addition to advice, a.s.r. also offers insurance products to protect people and businesses against climate risks. For example, in 2020 a.s.r. was the first in the Netherlands to extend its buildings and movable property insurance with secondary flood coverage. In addition, our home insurances contain optional cover for sustainable building designs and green roofs and external walls.

3.3.2 Stimulating the energy transition

a.s.r. invests in the generation of sustainable energy by purchasing wind and solar panel farms and by installing solar panels on roofs of offices, shops and homes. We offer customers the option of including sustainable solutions, such as heat pumps, solar panels and car charging stations, in their household contents/inventory items insurance or in their home/commercial property insurance. In our investment portfolio, we apply climate criteria to include activities that promote energy transition and exclude other activities, thus reducing the carbon footprint of our investments. For the mortgage



portfolio, a.s.r. supports customers with a Verduurzamingshypotheek (sustainability mortgage) to reduce the carbon footprint of their homes and improve their living comfort through energy-saving measures. a.s.r. is also taking progressive measures to drastically reduce energy consumption in its own business operations, thus offering a place for putting innovative sustainability measures into practice and demonstrating their feasibility.

3.3.3 Climate risks are part of strategic risk analyses

Climate change is part of the risk analyses that a.s.r. carries out each year at company level. We not only map risks of the market, our business processes and financial risks, but also identify and quantify the risks of climate change for a.s.r. The outcome of these analyses is taken into account in the Own Risk and Solvency Assessment (ORSA). The ORSA establishes the amount of capital required to cover the risks examined therein.

When analysing climate risks, we distinguish between physical risks and transition risks in the short, medium and long term (see table on page 13). In the short and medium term, the likelihood of extreme weather and flooding in particular is expected to increase. This leads to more damage within our property and mortgage portfolios and also to more claims within a.s.r.'s insurance portfolio. To manage the risks of climate change for our real estate and mortgage portfolios, a.s.r. examines the locations where these risks are the largest. By combining data from the Climate Impact Atlas with portfolio data in the Geographic Information System (GIS), we are able to see how vulnerable and sensitive locations in the Netherlands are to climate change. We use these data in the decision making processes for acquisitions



and in the maintenance of our real estate portfolios.

For our insurance products, we analyse the climate risks by using the Climate Monitor developed by the Dutch Association of Insurers together with Wageningen University and the Royal Netherlands Meteorological Institute (KNMI). The Climate Monitor shows the share of weather extremes in the total damage to homes, business premises and vehicles. We mitigate the risks for a.s.r. by concluding short-term contracts, reinsuring the largest risks and adjusting the product and pricing policy and acceptance and claims policy, while striving to keep climate risks insurable. We also work to raise awareness of climate risks and encourage customers to take preventive measures.

For the investment portfolio managed by a.s.r. asset management, we combine the strategic risk analysis (which we include in our annual strategic asset allocation and investment plan) with a more bottom-up approach. This approach seeks not only to reduce climate risks within the portfolios but also to accelerate the energy transition through exclusions, dialogue and active shareholding, best-in-class investments and impact investments. More information can be found in section 4.1.

In 2020, we conducted a literature review on the effects of climate change on health and life, and what this means for a.s.r.'s financial risks. This showed both positive and negative effects, with neither prevailing.



Overview of climate risks for a.s.r.			
	Short-term risks	Medium-term risks	Long-term risks
Physical risks 	<ul style="list-style-type: none"> More claims due to extreme weather (storm, hail, heavy rain, heat waves) and higher total loss ratio insurance⁷ products 	<ul style="list-style-type: none"> More claims due to flooding from a non-primary flood defence 	<ul style="list-style-type: none"> Damage to urban property due to subsidence (pile rot, subsidence)
	<ul style="list-style-type: none"> Storm and hail damage to property; also moisture damage and mould 	<ul style="list-style-type: none"> Water damage to property 	<ul style="list-style-type: none"> Damage to homes affects collateral value and homeowners' ability to (re)pay mortgage
	<ul style="list-style-type: none"> Increased tenant demand for cooling (for a.s.r. real estate) 		
Transition risks 	<ul style="list-style-type: none"> New legislation and regulations for customers and financial institutions in the context of sustainability 	<ul style="list-style-type: none"> Creation of new risks as a result of the transition to renewable energy sources and the use of new technologies (e.g. battery storage) 	<ul style="list-style-type: none"> New technological (disruptive) developments lead to demand for new insurance products and solutions, in which context the risks are unknown (e.g. switch to hydrogen)
	<ul style="list-style-type: none"> Investments to improve the energy label of homes and buildings (property) 	<ul style="list-style-type: none"> New national and European legislation and regulations on nitrogen and PFAS. For rural properties, this applies to vegetation in areas in or adjacent to Natura 2000 sites 	
	<ul style="list-style-type: none"> Decrease in value of investments 		



Climate scenarios

How large the climate risks are depends on how many degrees the temperature will rise and what measures are taken against it. In analysing the future impact of climate change on invested assets, a.s.r. uses three scenarios.⁸

- ✓ The orderly scenario assumes timely and effective climate policies that succeed in putting a stop to global warming. Investments in clean energy sources contribute to economic growth in this scenario. The climate risks remain limited.
- ✓ In the disorderly scenario, measures are first postponed and then quickly introduced. This leads to more transition risks and higher economic and financial costs.
- ✓ In a failing or greenhouse gas scenario, no action is taken to combat global warming. This scenario involves a sharp increase in physical climate risks and general disruption to the economy.

Analysis approach at a.s.r.:

- ✓ The starting point is Ortec Finance's climate scenario sets.
- ✓ IPCC makes scientific climate projections, Cambridge Econometrics determines the GDP shocks and Ortec Finance translates these into scenarios with systematic climate risk.
- ✓ Mainly focused on the impact of climate change on assets.
- ✓ The impact of climate change is applied to the neutral scenario by a.s.r.



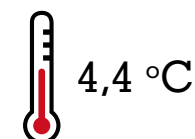
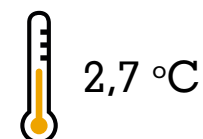
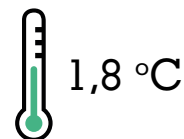
Aspect of the scenario

Orderly transition
according to 'Paris'

Disorderly transition
according to 'Paris'

Failed transition
according to 'Paris'

Calculated temperature increase for 2081-2100 compared to average 1850-1900



Temperature increase bandwidth with 90% probability

+1,3 à +2,4°

+2,1 à +3,5°

+3,3 à +5,7°

In line with UN climate panel's emission scenario in IPCC 6

SSP1-2.6*

SSP2-4.5*

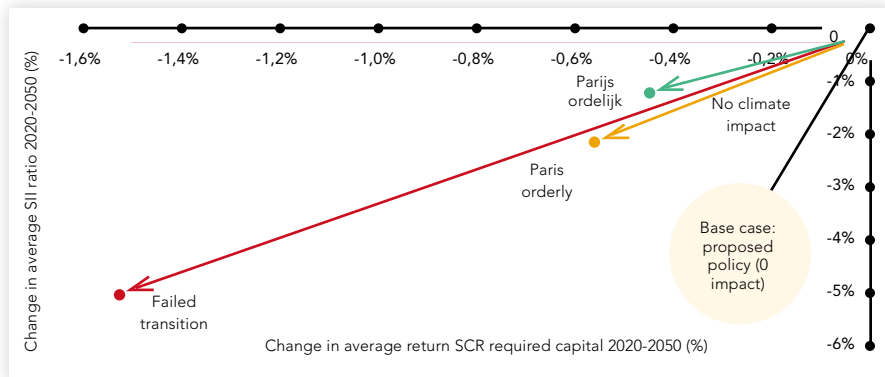
SSP5-8.5*

Assumptions

- | | | |
|--|--|--|
| ✓ Major impact of transitions through policy and technologies drivers | ✓ Major impact of transitions through policy and technologies drivers | ✓ Limited impact of the transition through a business- as-usual pathway without new policy |
| ✓ The transition is assumed to be 'smooth' | ✓ Transition has a disruptive effect on financial markets with repricing followed by sentiment shock and stranded assets | ✓ Major physical impact affecting productivity and more frequent and severe extreme weather events |
| ✓ Climate risks are priced in dynamically and 'smoothly' | | |
| ✓ Physical impact is significantly but lower than in case of a failed transition | ✓ Physical impact is significant but lower than in case of a failed transition | ✓ Markets are late in factoring in physical risks |

*SSP = Shared Socioeconomic Pathways = plausible world views that assume different socio-economic, technological and demographic developments in the future.





Average SCR ratio (2020-2050) vs. average return on SCR (2020-2050)

According to the European Solvency II Directive, a.s.r. must assess the risks to which it is exposed as an insurer. Based on this calculation, a.s.r. must maintain a minimum buffer to absorb risks. This is referred to as the Solvency Capital Requirement (SCR). The graph below shows that the impact on the SCR ratio and the return on the SCR are different for each scenario.

In all scenarios, the SCR and the return in the future decrease, but this decrease is largest in a failed transition scenario. This is driven by the direct impact of physical risks but also by other expected returns in the different climate paths. In the disorderly scenario, abrupt sales of stranded assets are expected around 2025, which will lead to a financial crisis. The SCR ratio and the return also decrease in that case, but less than in the case of a failed transition.

At a.s.r., we expect the three climate paths to have a limited impact on our solvency ratio. This has to do with the fact that our investment portfolio contains predominantly European companies and with our sustainable and dynamic investment policy. As a result, we invest less in countries, markets and companies that are hit harder by climate change.

3.3.4 Contributing to sector initiatives

a.s.r. is involved in several leading initiatives in the sector to accelerate the transition to a climate-neutral society. In this way, we share our climate knowledge as an insurer and investor whilst trying to make the sector as a whole more sustainable.

- ✓ a.s.r. participates in the Climate Action 100+ initiative, in which investors encourage companies with the highest greenhouse gas emissions to take the measures needed to combat climate change.⁹
- ✓ a.s.r. participates in the Partnership for Carbon Accounting Financials (PCAF), which is looking into suitable methods for mapping and reporting on the CO₂ emissions of investments.¹⁰
- ✓ a.s.r. participates in the Institutional Investors Group in Climate Change (IIGCC), in which investors work together in engagement and knowledge sharing to make a significant impact in combating climate change through the companies in which they invest.
- ✓ a.s.r. actively contributes to the Science Based Targets initiative (SBTi), which helps companies set science-based targets to reduce their CO₂ emissions.
- ✓ In the Netherlands, a.s.r. works actively with the Dutch Association of Insurers on climate targets.
- ✓ a.s.r. health has joined the 2018-2022 Green Deal Duurzame Zorg (Green Deal on Sustainable Healthcare). It focuses on the contribution that the healthcare sector can make to improving the environment, such as reducing CO₂ emissions and stimulating the circular economy.
- ✓ a.s.r. is part of the Coalitie Anders Reizen (Travel Differently Coalition) with the common ambition of halving CO₂ emissions from business travel by 2030 (compared to 2016).

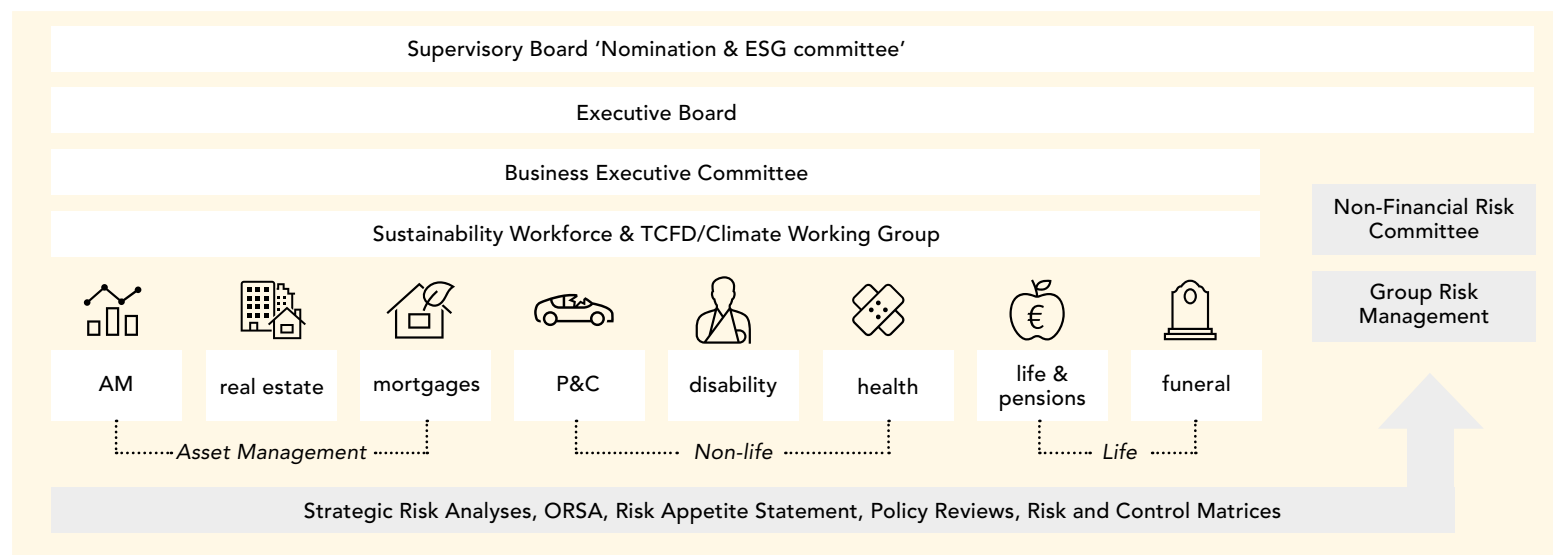


3.4 Governance

a.s.r. aims to embed climate change and energy transition as a core theme of sustainability in all its core processes and activities. Within the Executive Board, sustainability is the responsibility of the CEO. The Executive Board is ultimately responsible for the business strategy and is supported in its implementation by the Business Executive Committee (BEC). The BEC consists of members of the Executive Board, the Chief Risk Officer (CRO) and senior managers of various business units. In 2021, an ESG (Environmental, Social, Governance) Committee was established within the Supervisory Board. This Committee advises and supports the Supervisory Board in its supervisory role with regard to ESG developments and results of the sustainable business strategy.

The Sustainability Workforce¹¹ support the Executive Board and the BEC in their responsibility for the development and implementation of policy on climate change and energy transition. The working groups include delegates from the business units and staff departments. The Sustainability Workforce reports quarterly on the climate policy targets and KPIs via the sustainability report to the BEC, which discusses the results achieved as well as the risks and makes adjustments where necessary.

Governance structure of the business on the theme of climate change and energy transition



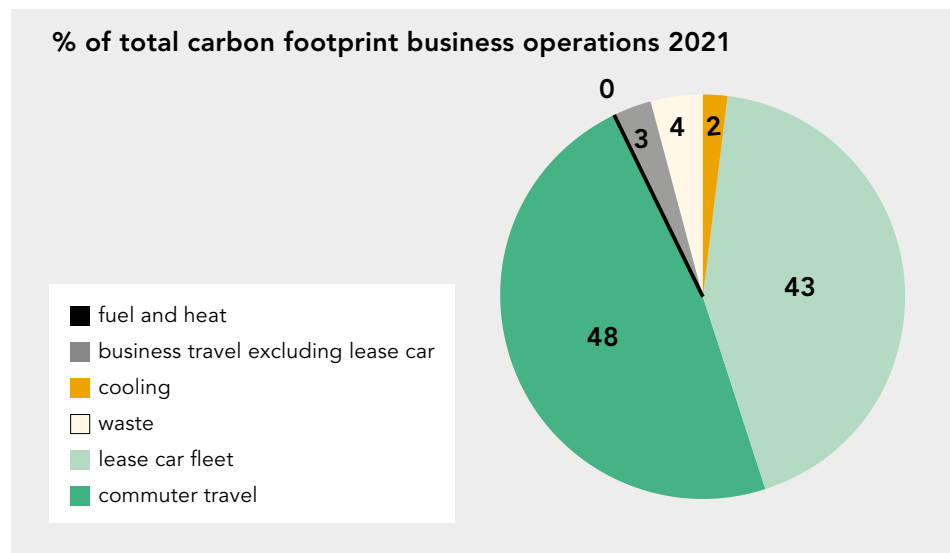
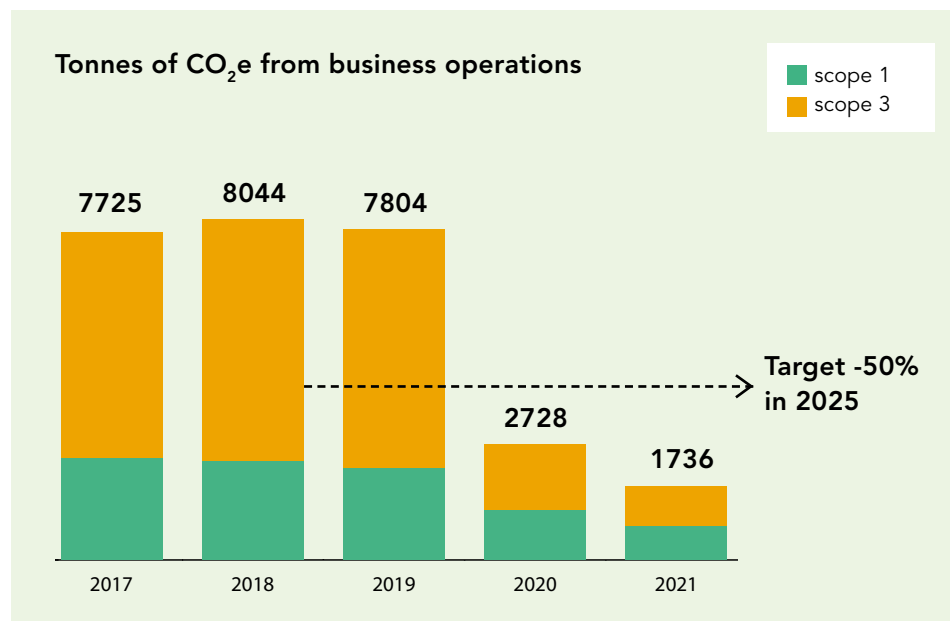


4. Approach and instruments

a.s.r. aims for climate-neutral business operations and wants to gradually reduce the carbon footprint of its activities. When determining the carbon footprint, a distinction is made between the direct and indirect footprint. The direct footprint concerns the CO₂ emissions that are directly influenced by the organisation itself, for example by the heating system or by lease cars (scope 1). The indirect footprint concerns the indirect influence of a.s.r. on the amount of CO₂ released when generating the purchased electricity (scope 2). At a.s.r. this is net zero, because all the electricity purchased is offset by electricity generated by wind turbines. Finally, there are other activities in the chain that contribute to the indirect footprint, such as waste processing and commuter travel. Annex 1 shows the development of the carbon footprint of our own business operations in more detail.

a.s.r. aims to reduce the carbon footprint of its own business operations by 50% between 2018 and 2025. By 2021, 94% of this carbon footprint will be mobility (including commuter travel, lease cars and business travel). The result of 78% CO₂ reduction in 2021 is partly due to COVID19 measures, which resulted in much less traffic.

CO₂e- emissions from own business operations



The CO₂ emissions of companies, countries and real estate in which a.s.r. invests, also fall into this category (scope 3). In the Climate Agreement, financial institutions in the Netherlands - including a.s.r. - promise to measure the emissions of their investments and real estate and to report on their actions to reduce them.¹² For several years, a.s.r. has committed itself to developing suitable measurement methods. With the Partnership for Carbon Accounting Financials (PCAF), methods have been developed to measure the CO₂ emissions of investments. Specifically for the real estate funds, with the help of the Carbon Risk Real Estate Monitor (CRREM) Paris Proof roadmaps towards 2045 were developed.



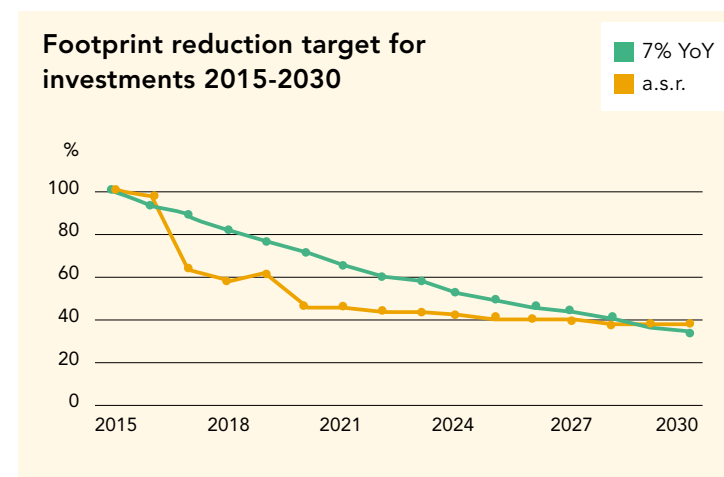
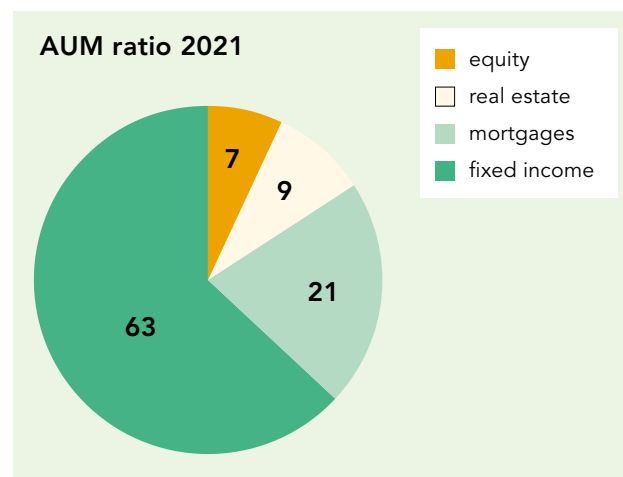
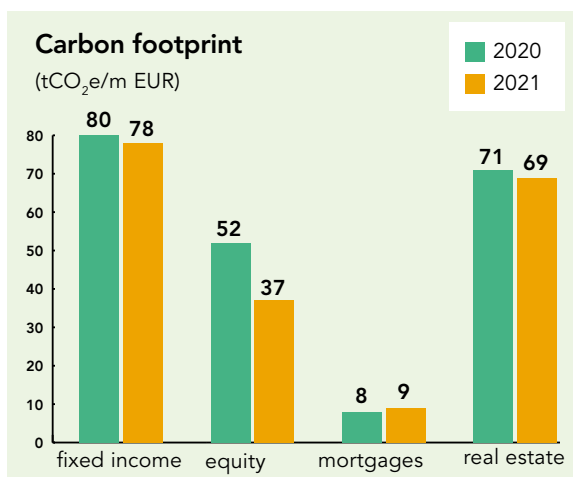
For a.s.r., it is very important that we can measure and reduce the CO₂ emissions of our investments. For 98% of the below-mentioned asset classes we have insight into the carbon footprint. For these asset classes, we focus on reducing the footprint. a.s.r. has formulated an ambitious target for its investments, namely 65% CO₂ reduction by 2030 compared to the base year 2015. Since 2015, a.s.r. has made great strides in reducing emissions. Between 2015 and 2019, emissions from investments fell from 142 tonnes per 1 million invested assets to 83 tonnes per 1 million invested assets. In 2020 and 2021, there was an additional decrease, mainly due to the lockdowns. Emissions are expected to fall less or even to rise a little and then to start falling again. The 65% reduction target meets the 7% year-on-year (YoY) decarbonisation pathway over the period up to and including 2030. This is the annual percentage by which the global economy should reduce its

emissions in line with the IPCC 1.5 C trajectory.¹³ Annex 1 shows the AuM¹⁴ and the carbon footprint in more detail.

In addition, we want to help our (corporate) customers to reduce their climate impact in order to reduce the CO₂ emissions of our insurance portfolio. For this, too, measurement methods are to be developed. However, this does not stop us from discussing this with our customers now and providing them with tailor-made advice.

In the sections below, we provide an overview of the instruments we use in our investments, insurance products and in our own business operations to limit our climate impact.

CO₂e emissions from investments



4.1 a.s.r. asset management

All investments managed by a.s.r. asset management are screened on ESG (Environmental, Social, Governance) criteria on the basis of a.s.r.'s Socially Responsible Investment (SRI) policy.¹⁵ Companies that do not meet these criteria are excluded, while a.s.r. wants to invest more in companies that make a positive contribution to a sustainable society (this is called 'best in class' investing). a.s.r. weighs climate risks and opportunities in this investment approach. In doing so, we use four instruments:

- ✓ Positive screening: a.s.r. prefers companies that consider climate risks in their strategy and take action to reduce the carbon footprint of their operations.
- ✓ Engagement: a.s.r. believes in a constructive dialogue with companies to increase climate awareness. As an active shareholder, a.s.r. also exercises its voting rights to influence decisions on climate issues.
- ✓ Exclusion: in the case of systematic and serious pollution, or when a dialogue does not lead to adequate improvement of the climate impact, a.s.r. can exclude a company from the investment portfolio. For example, a.s.r. does not invest in companies whose turnover comes from coal mining, or for more than 5 % from unconventional sources of oil and gas (such as shale oil or gas, tar sands or oil from the Arctic). In addition, in 2021 a.s.r. lowered the threshold for excluding electricity production from coal from 50 to 20%.
- ✓ Impact investments: a.s.r. finances companies, organisations, funds and projects that, in combination with a financial return, have the primary objective of promoting the energy transition.



a.s.r. reports periodically on the results of its SRI approach; within the annual reports of the available investment funds, to customers within the mandate agreements, to shareholders via the corporate annual report or in theme publications and via other channels. We do this as much as possible in accordance with the guidelines from the SFDR (the European Transparency Regulation for financial institutions and products) and using the related frameworks such as the EU Taxonomy.

As an asset manager, we strive for a climate-neutral investment portfolio in 2050. We are reducing our investments in fossil fuels in three phases.



- ✓ In phase 1 (end of 2021), investments in producers of thermal coal and unconventional oil and gas products (such as shale gas, arctic oil and tar sands) were sold and included in the list of exclusions. Because a.s.r. has applied strict criteria since 2015, the size of these investments was relatively limited.
- ✓ In phase 2, we focus on producers of metallurgical coal, such as coking coal for steel production, and conventional oil and gas products. During the period 2022-2024, we will check whether the objectives of the companies involved are in line with the transition path of the Paris Agreement and will discuss them with these companies. When the objectives of companies are not sufficiently in line with the transition path to Paris, we will sell our stake in these companies.
- ✓ In phase 3, we focus on companies in the fossil chain and in greenhouse gas-intensive sectors, such as transport and utility companies. These companies can play an important role in combating climate change. In the coming years, we will increasingly focus on the best-performing companies and frontrunners that make a positive contribution to the necessary transition to a climate-neutral economy.



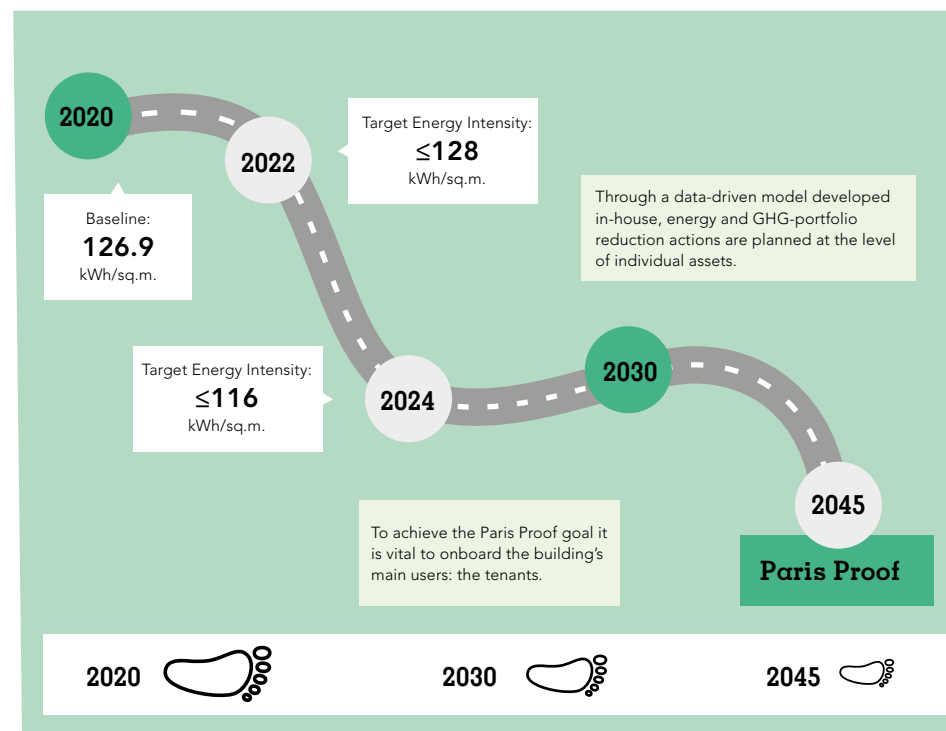
4.2 a.s.r. real estate

Real estate plays an important role in combating climate change. Worldwide, it is responsible for about 30% of total CO₂ emissions and 40% of energy consumption.¹⁶ a.s.r. real estate is therefore constantly working to make its homes, offices, shops and agricultural land more sustainable. To contribute to the energy transition and a sustainable living environment, a.s.r. invests in wind and solar panel farms and works with the agricultural sector on sustainable soil management and on increasing biodiversity (see text box on page 23).

To make a positive impact on nature, society and climate, we reduce our CO₂ emissions, reduce waste production and water consumption and make our portfolios Paris Proof and climate adaptive. The focus in this context is on both sustainable acquisitions and making existing premises more sustainable. We do this, for example, by installing green roofs, LED lighting and water-saving sanitary facilities. a.s.r. real estate also invests in sustainable energy generation. By the end of 2021, more than 15,000 solar panels had been installed. In December 2021, a.s.r. purchased part of the Prinses Ariane wind farm in Wieringermeer. With this, a.s.r. became the owner of 32 of the 80 turbines of the largest wind farm in the Netherlands. The 32 turbines have a combined capacity of 118 megawatts. This is comparable to the power supply of 114,000 households per year.

a.s.r. real estate has signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC), thereby committing itself to a climate-neutral real estate portfolio by 2050. In 2021, we increased our ambition and decided to aim to reach this target by as early as 2045. As an interim target, we want to

achieve a 65% CO₂ reduction in our investments, including the real estate portfolio, by 2030. To prevent investments from becoming worthless (stranded assets), a Paris Proof roadmap has been developed for each real estate fund with the help of the CRREM tool. This data-driven model provides insight into the extent to which our efforts are in line with the pace required to become climate-neutral in 2045.





Battling for biodiversity preservation

Natural systems help regulate the climate. Forests, peat bogs, soils and oceans play a crucial role in the absorption and storage of carbon and thus help to protect us against climate change. At the same time, climate change is leading to more loss of nature. Biodiversity is being lost and ecosystems are in decline.

a.s.r. is a signatory to the Finance for Biodiversity Pledge.¹⁷ This is a commitment by a.s.r. to protect and restore biodiversity in its investment portfolio. To understand the impact of our investment portfolio on biodiversity, we participate in sector initiatives such as the Partnership for Biodiversity Accounting Financials (PBAF) and the biodiversity working group of the Sustainable Finance Platform of the Dutch Central Bank. a.s.r. also had the MSCI World - an important investment index - tested using the Biodiversity Footprint for Financial Institutions (BFFI) methodology.

With regard to our investment portfolio, with the theme of biodiversity in mind, we look for companies that perform better than their peers. Companies involved in major environmental disasters involving loss of biodiversity may be excluded. Where we see risks in the areas of deforestation, agriculture and pollution, we engage with companies. And through impact investments, we try to make a positive contribution. For example, we invest in innovative techniques to counteract the use of pesticides in agriculture, but also in companies that develop vegetable meat substitutes and cultured meat and thus counteract deforestation caused by soy production.

In the Netherlands, a.s.r. has a portfolio of approximately 42,000 hectares of mainly agricultural land. This makes a.s.r. the second largest private landowner in the Netherlands after Vereniging Natuurmonumenten. One of our initiatives is to bring back or restore landscape elements. By reintroducing hedges, rows of trees, groves, pools and wooded banks into the landscape, we stimulate biodiversity and can capture CO₂.

Farmers who use a.s.r. agricultural land are encouraged by a.s.r. to manage the land sustainably, which results in a positive impact on climate and biodiversity. In order to provide room for sustainability efforts, a.s.r. is lowering the rent during the entire term of the contract. This gives farmers security and financial scope to invest in sustainability. This approach falls under the a.s.r. climate-smart farming strategy of the Dutch Farmland Fund, the fund in which a.s.r.'s agricultural land has been included. An important instrument for this is the Open Soil Index, which was developed by a.s.r. together with Rabobank and Vitens. This index measures the health of the soil and offers tools to improve it. Leendert Jan Onnes is a farmer in Groningen and also a board member of Nederlands Agrarisch Jongeren Kontakt (NAJK): "The Open Soil Index helps us to keep the soil future-proof and vital. With the information, production can be improved and at the same time we help nature. The healthier the soil, the easier it is to keep crops healthy and the fewer resources you need." Healthy and vital soils are not only needed to grow crops and provide us with food. They also help to boost biodiversity, capture carbon and retain water.



4.3 Mortgages

To reduce the carbon footprint of homes, we want to make it possible for all our mortgage customers to become sustainable. Not only homes that are already energy efficient, but also homes with a less favourable energy label. We make no distinction in this regard. We do not want to be just a mortgage lender for people with an energy-efficient home, but a mortgage lender who helps customers to become more sustainable. For this reason, a.s.r. introduced the Verduurzamingshypotheek in 2019. With it, homeowners can borrow extra money for energy-saving measures, such as a heat pump, solar panels or insulation. A maximum of 25,000 euros and up to 106% (instead of 100%) of the value of a home can be borrowed.

Customers whose homes have energy labels B to G will also receive a personalised energy-saving report. This tells them what measures they can take to improve their energy label, what the estimated costs are and what they can expect to save on their energy bills. With the introduction of the Verduurzamingshypotheek, the budget for sustainability is significantly increased when applying for a mortgage. In 2021, 27% of all new mortgages include a budget for sustainability. According to an initial study, the measures resulted in an average improvement of 1 and a half in energy label classification.



4.4 Insurance instruments

We do not only try to combat climate change with our investments, real estate portfolio and mortgages. We also promote preventive measures, reduce climate risks and compensate for climate-related damage with our insurance policies. We take note of the latest insights into the effects of climate change and adjust our underwriting policy, our products, our services and our claims handling accordingly.



- ✓ To support the energy transition, we are constantly expanding our sustainable product range. By insuring solar panels, charging stations, green roofs and sustainable methods of building, among other things, we encourage the use of these sustainability measures.
- ✓ New insurance products are always tested first through the Product Approval Review Process (PARP). Societal relevance is an important criterion in this context: we test whether the product make a positive contribution to ESG themes, including climate and energy transition, and whether there is no undesirable impact on these themes involved. Sustainability is also taken into account in pricing. For example, electric cars and boats with an electric motor have a favourable rate.
- ✓ Sustainability also plays a role in our underwriting policy. For example, we are looking at whether risks that are difficult to insure but that contribute to combatting climate change can be insured after all. On the other hand, we are critical of risks that are easy to insure but pose a very unfavourable sustainability risk.
- ✓ Customers receive advice from a.s.r. on how to prevent or limit damage caused by climate change. We offer business customers tailor-made advice based on a risk inspection.
- ✓ Via our website and social media, we also try to persuade private customers to become more sustainable and to take preventive measures. For example, a.s.r. has set up the Sustainable Living platform¹⁸, where (potential) non-life and mortgage customers can get tips on how to make their homes more sustainable.





Climate benefits through sustainable damage

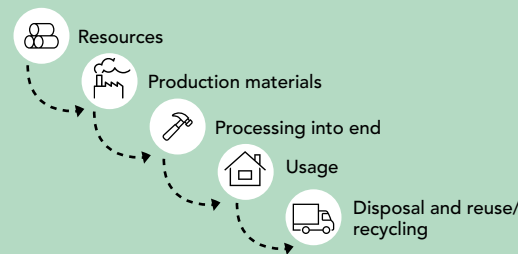
In the event of damage to their home or vehicle, customers are given the option of having it repaired by a sustainable repair company. By 2025, we aim to have 50% of fire damage and 85% of vehicle damage repaired sustainably. a.s.r. has an extensive network of sustainable repair businesses. They are affiliated with Stichting Duurzaam or are part of Schadegarant/Glasgarant. These repair companies meet various sustainability criteria. Such as the use of environmentally friendly materials, reduced energy consumption, proper waste handling, the reuse of materials and the use of products that are not harmful to humans.

a.s.r. is one of the initiators of the stichting Duurzaam, because we believe it is important to repair damage with an eye for the climate and the environment. "When something breaks, we tend to replace everything", says Nabil Alani, director of telecom repair company Larsa Group. "While in many cases this is not necessary. Replacement is also often more hassle and worse for the environment than if customers opt for repair."

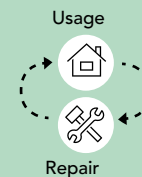
The research agency CE Delft compared the climate impact of replacement and repair. It examined water damage to a wooden floor, burglary damage to a window frame and

damage to a stone kitchen worktop. The study shows that the negative climate impact of repair is three to six times lower than that of replacement.¹⁹ This is because fewer new materials need to be produced during repair. In addition, less transport and waste disposal are needed, especially if the repair is done in a sustainable way.

Process: Replacing the damage



Process: Repair the damage



'When something breaks, we tend to replace everything.'



4.5 Own business operations

a.s.r. aims to halve CO₂ emissions in its own business operations between 2018 and 2025. The a.s.r. office building has been sustainably renovated in recent years and is now carbon neutral. The building has been off the gas grid since 2019 and now runs entirely on green electricity. As a result, the building's energy label went from G to A++.

Mobility uses the most energy and makes the largest contribution to the carbon footprint of our own business operations. In order to reduce this, a.s.r. facilitates working from home, leased cars are contracted on the basis of electric propulsion and a.s.r. stimulates the use of (electric) bicycles and public transport.²⁰

Where we have not yet sufficiently succeeded in reducing CO₂ emissions, we compensate this by planting trees. Planting projects comply with the Verified Carbon Standard (VCS) or the Climate, Community and Biodiversity Standards (CCB).

Car park where electric cars charge and deliver electricity

The parking deck at the a.s.r. office building in Utrecht is equipped with 2,160 solar panels with a maximum capacity of 1 million kWh, and there are 250 charging stations. This charging facility for electric cars is in line with a.s.r.'s objective of reducing its climate impact. A special feature of the parking deck is that the charging stations can function in two ways. They can charge the battery packs of cars, but they can also draw electricity from the cars and feed it into the building.

Jos Ruijter arranged everything from a technical perspective on behalf of a.s.r. during the construction of the parking garage. He explains how this 'bidirectional charging' works. "Someone arrives in the morning and parks their car. Especially in winter, there is not much sun yet. Therefore, we can extract energy from car batteries to start up the building." Electric cars are equipped with battery packs that can absorb or deliver a relatively large amount of electricity to cope with a peak in building or grid load. In the transition to sustainable energy, this kind of temporary energy storage is badly needed.





To conclude: a.s.r. does more

As an insurer, we have a strong interest in a sustainable future. And to secure this, we are in a hurry. In order to combat and limit climate change, we must take great steps in the years to come and achieve all our goals. We also want to be as transparent as possible about the results we achieve, including through climate reports such as this one.

But we want even more. At a.s.r., we want to set the bar higher for ourselves all the time, always looking for more and new ways to combat climate change, to protect our customers from the effects of climate change and to promote the energy transition. We cannot do this alone, which is why we will also address our stakeholders and involve them in our plans.



CO ₂ e- emissions from own business operations										
	2021		2020		2019		2018		2017	
Category	in %	tonnes of CO ₂	in %	tonnes of CO ₂	in %	tonnes of CO ₂	in %	tonnes of CO ₂	in %	tonnes of CO ₂
Scope 1										
Fuel and heating	0,2	3	0,3		0,5	37	1,1	88	1,1	85
Cooling	2,0	34	1,3	37	0,7	51	0,7	56	0,7	54
Use of leased cars	43,1	748	40,8	1,113	26,5	2,078	27,0	2,172	29,1	2,248
Subtotal	45,2	785	42,4	1,158	27,7	2,166	28,8	2,317	30,9	2,387
Scope 2										
a,s,r, only uses electricity from renewable energy sources,										
Scope 3										
Business travel excluding leased cars	3,3	57	3,2	87	4,2	329	4,0	322	4,1	317
Commuter travel	48,0	833	51,6	1,408	66,0	5,148	65,0	5,229	62,8	4,851
Waste	3,5	61	2,8	76	2,1	160	2,2	177	2,2	170
	54,8	951	57,6	1,571	72,3	5,638	71,2	5,727	69,1	5,338
Total		1,736		2,728		7,804		8,044		7,725

CO ₂ e- emissions of investments						
		2021	2020	2019		2015 (base year)
	AuM (in million euros)	tonnes of CO ₂	tonnes of CO ₂ per million euros	tonnes of CO ₂ per million euros	tonnes of CO ₂ per million euros	tonnes of CO ₂ per per million euros
a.s.r. asset management ²¹	€ 27,055	2,008,543	74	78	101	184
Fixed Income*	€ 24,545	1,914,404	78	80	102	189
*Government and corporate bonds						
Equity	€ 2,510	94,139	37	52	87	136
Residential mortgages ²²	€ 8,291	71,702	9	8	13	18
a.s.r. real estate ²³	€ 3,649	251,988	69	71	58	
- Retail (DCRF)	€ 439	5,461	12	14	13	
- Residential (DCRF)	€ 860	5242	6	8	8	
- Offices (DMOF)	€ 113	415	4	15	5	
- Offices (DSPF)	€ 28	402	14	15	6	
- Rural real estate ²⁴ (DFLF)	€ 1,841	240,000	130	140	106	
- Other (real estate own balance sheet)	€ 367	468	1	16	1	



End notes

1. IPCC: Climate change 2021, the physical science basis, August 2021
2. www.rijksoverheid.nl/onderwerpen/klimaatverandering/gevolgen-klimaatverandering
3. www.klimaatadaptatienederland.nl/actueel/actueel/nieuws/2020/schade-extreme-neerslag-storm
4. a.s.r. has set a medium-term target (rather than a short-term one) in order to pursue structural CO2 reductions and to minimise the influence of fluctuating energy consumption and price developments. A telling example of this is the COVID19 pandemic and its effect on production and consumption patterns worldwide. In 2020 and 2021, there was an additional drop in CO2 emissions due to lockdowns, which is probably only temporary in nature.
5. The carbon footprint of our own business operations consists mainly of mobility (94% by 2021), including commuting, lease cars and business traffic. The result of 78% is partly due to COVID19 measures, which significantly reduced commuting and business traffic. For more information, see Annex 1.
6. The a.s.r. target remains 50 kWh per square metre of gross floor area (GFA), despite the fact that the method developed by the Dutch Green Building Council and TVVL has been adjusted to 70 kWh per usable area (UA). This target of 70 kWh per square metre is in line with achieving the Dutch targets of the Paris Climate Agreement.
7. The total loss ratio is calculated by dividing the total amount of claims by the premium income.
8. These climate scenarios were prepared by Ortec Finance. IPCC makes scientific climate projections, Cambridge Econometrics calculates the corresponding shocks in the Gross Domestic Product (GDP) and Ortec Finance translates this into climate risk scenarios.
9. www.climateaction100.org
10. www.carbonaccountingfinancials.com
11. TCFD stands for Task Force on Climate-related Financial Disclosure. a.s.r. reports according to TCFD guidelines on the opportunities and risks associated with climate change.
12. Climate Agreement: commitment of the financial sector, July 2019. The progress in implementing the agreements is described in the report 'The climate commitment of the financial sector; first progress report' of October 2021.
13. Handbook of climate transition benchmarks, Paris aligned benchmark and benchmark's ESG disclosures, December 20th, 2019.
14. AuM stands for Assets under Management and refers to the market value of the investments.
15. Link to SRI policy document
www.asvermogensbeheer.nl/duurzaam-beleggen/duurzaam-beleggingsbeleid



End notes

16. UNEP Finance Initiative: Sustainable real estate investment, February 2016.
17. www.financeforbiodiversity.org/about-the-pledge
18. www.asr.nl/duurzaam-wonen
19. CE Delft: Vervangen versus repareren na schade; milieuvergelijking voor drie veel voorkomende cases, 2021.
20. Because of COVID19, a.s.r. discouraged staff from using public transport in 2021
21. The carbon footprint is calculated in line with the PCAF (Partnership for Carbon Accounting Financials) methodology and on a best effort basis with data from Moody's ESG, Eurostat, MSCI ESG and Bloomberg.
22. Calculation in accordance with PCAF method. No data are available for homes that are still to be built, homes that do not (yet) have an energy label and homes for which no reliable data such as year of construction and type of home could be obtained. Data sources are service partner Stater, RVO, Calcasa (energy label, type of home and year of construction) and CBS (energy consumption). In the calculations a Loan to Value (LTV) adjustment was used. This means that the percentage of the mortgage in relation to the value of the home is taken into account in the carbon footprint calculation. Only the percentage of the mortgage in relation to the value of the home is attributed to a.s.r.'s CO₂ emissions.
23. Calculation concerns 89% of AuM for own account (relatively limited amount of data from retail due to, e.g. privacy issues, lack of agreements with tenants and limited use of smart meters). CO₂ emissions are calculated based on the total energy consumption in kWh per m² per year of all properties in the portfolio that have been in operation during the calendar year. CO₂ data of DCRF, DPRF, DSPF and 'Other' funds are based on energy consumption in 2020 (excluding Archimedeslaan, head office a.s.r. energy consumption 2021 in 'Other'). Data sources are Fudura's smart meters, other smart meters and the annual energy consumption of the network operators.
The total energy consumption in kWh per m² per year of all properties in the portfolio that have been in operation for the entire calendar year is the sum of the amount of electricity (in kWh), district heating (in GJ) and gas (in m³) converted into kWh. The total energy consumption in kWh per m² per year is converted by type of energy source.
24. Figures determined on the basis of generic calculation rules per soil type and per use.

