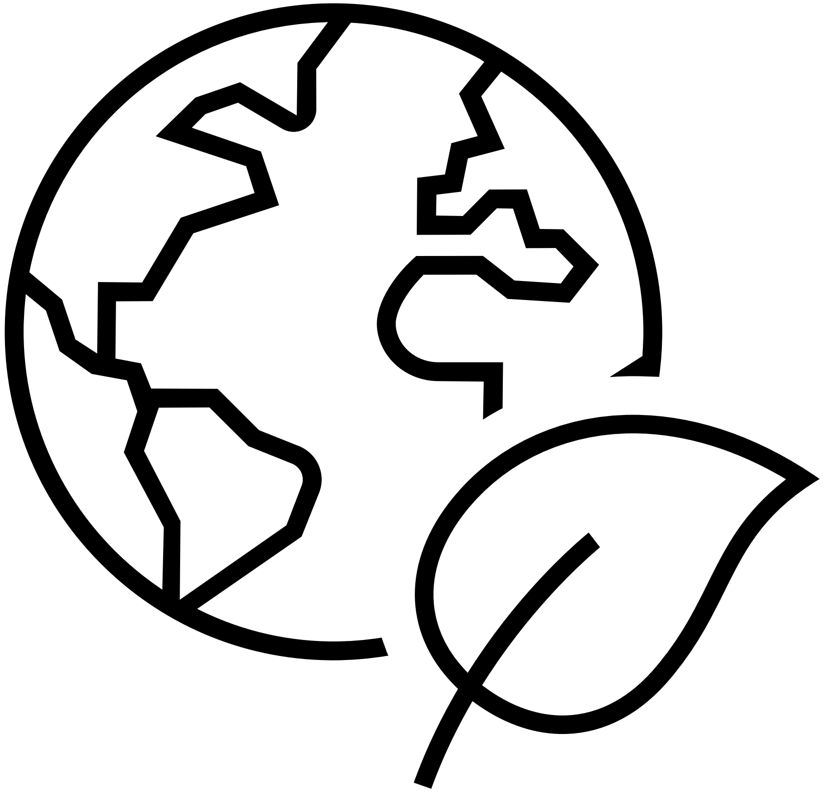

Quarterly ESG Update - Q2 2019

a.s.r. asset management

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Solidarity between Generations

April 29th was the 10th anniversary of the EU Day of Solidarity between Generations. This European Day offers momentum to raise awareness of the positive impact intergenerational links have in the context of population ageing and is a reminder of the key role each generation plays - and should be empowered to play - to ensure a sustainable future for all. In this very context, we have witnessed two major milestones in the second quarter of 2019 for the Netherlands, with the long-awaited Pension Agreement (Pensioenakkoord) and the Dutch Climate Agreement (Klimaatakkoord). Both agreements are a balancing act between many stakeholders, including generations in Dutch society.

The Dutch pension system is one of the best in the world, but needed a reform to assure financial and societal sustainability. The Pension Agreement is aiming for a viable and futureproof pension system, with a better fit to a changing labor market. Although this agreement facilitates a more individual approach for pension savings, solidarity will still be an important cornerstone in the Dutch system. And given the long term nature of pension benefits, the solidarity between generations supports a robust pension system, with a more efficient investment framework and providing better risk/return ratios at lower costs.

The Dutch Climate Act calls for a 49% reduction in greenhouse gas emissions by 2030, compared to 1990 levels, and a 95% reduction by 2050. This is now supported by the Climate Agreement with firm commitments by the relevant sectors, also from the Dutch financial institutions. This agreement includes long term transition and decarbonization targets in line with the Paris ambitions. This is an important step to act against climate change, as global warming is inevitable and measures need to be taken now to mitigate the consequences for future generations.

As reflected in the Pension Agreement and Climate Agreement, a long term approach for financial, environmental and social challenges includes intergenerational links. The same applies for long term institutional investors with a fiduciary duty to act in their beneficiaries' interests, like pension funds. And as shown in the track record of a.s.r. asset management, financial returns go together with a strong ESG-policy and a long term view. Building climate resilient investment portfolios also supports the robustness of the pension benefits for a.s.r. clients.

Enjoy reading!

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

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Climate and Energy Transition

Dutch Climate Agreement

On June 28th the Dutch Government has presented the Dutch Climate Agreement, after months of negotiations with more than hundred stakeholders. Goal of the Climate Agreement is to reduce greenhouse gas emissions in the Netherlands by 49-55 percent by 2030. All relevant sectors have agreed on reduction pathways, including the financial sector. On July 10th, around 50 Dutch financial institutions signed a commitment to support the Dutch Climate Agreement.

To support the Climate Agreement, the financial sector commits to report on the climate impact of its investments and financing activities by 2020 latest. Subsequently CO_2 reduction action plans will be ready in 2022.

a.s.r. is one of the signatories committing itself to actively contribute to the energy transition with its investments. We have identified Climate Change and Energy Transition as key themes for our strategic investment policy already in 2016. Since, we have started measuring and publishing our carbon impact, have formulated exclusions for large producers of coal, oil shale and tar sands and have scaled-up our investments in companies that contribute to the energy transition. We will continue to develop our SRI policy and are working on the next step after carbon accounting: formulating Science Based Targets (SBTs) for reducing the greenhouse gas emissions of our investment portfolios.

CO_2-footprint of our investments

Measuring and reporting the carbon footprint of our investments is an essential first step to develop a climate change resilient portfolio. Together with 13 other Dutch financial institutions, united in PCAF, a.s.r. works at developing an open source methodology for carbon accounting.

In the second quarter of this year, we saw the first outcome of the carbon footprint for our Dutch mortgage loans portfolio. The calculations were made with PCAF methodology in a pilot with CBS. This will give us a better insight into the actual consumption of gas and electricity (conventional 'grey' or green) per calendar year and associated CO_2 emissions. The calculations were made with data from end 2015 and 2016, the most recent available at the moment. The coming period we will evaluate these first results within PCAF. With these new steps we are well on track for our target of measuring the carbon emissions for at least 95% of the a.s.r. investment portfolio (for own account) by 2021.

a.s.r. ESG fund range

In 2017, a.s.r. launched an ESG fund range including Euro sovereign bonds, Euro credits and European equities. While already having a strict ESG policy for the overall investment process within a.s.r. asset management, these ESG funds have additional guidelines on ESG indicators. As result we see that the ESG funds investing in companies already achieve a lower carbon footprint compared to their respective benchmark, see figure 1.

The emissions of the ESG Credit Fund increased slightly in the second quarter. The slightly higher emissions were caused by, among other things, updated emission figures from companies. The ESG Equity Fund emissions fell sharply in the second quarter. The decrease is caused by a newly applied optimization technique. The portfolio is now optimized according to a best-in-class method based on the scores that companies achieve on carbon intensity, energy transition and total ESG policy. The emissions of the ESG Sovereign Fund remained virtually unchanged in the second quarter.

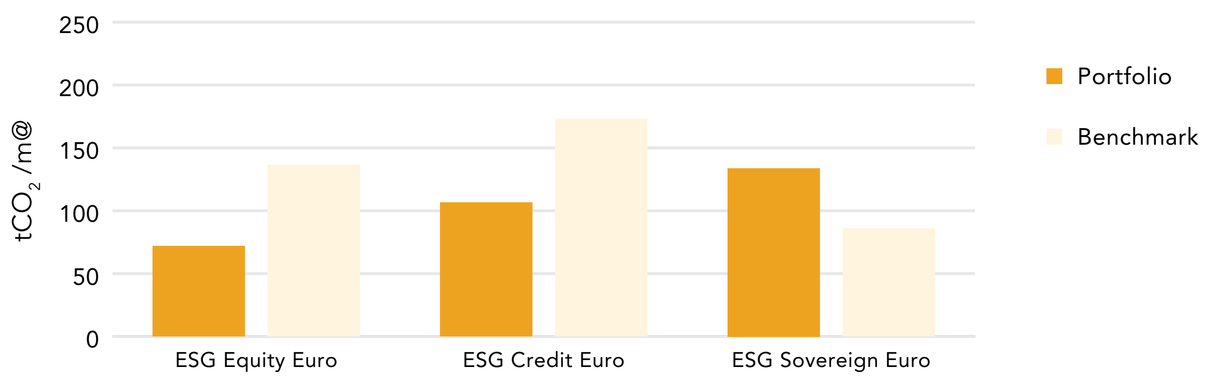

Figure 1: Carbon emissions for ESG credit, ESG equity and ESG sovereign fund end of June 2019. The carbon footprint is calculated on a "best effort" basis with the available and most recent data from reliable sources, including Vigeo Eiris. The results may show a changing course because the portfolio data, carbon data and market data are subject to change

Active Ownership

Engagement: Novartis

The pharmaceutical sector has been facing controversies on topics as corruption and unethical medicine prices. Being also a health insurance provider, pharma is a relevant sector for a.s.r. products and investments. We are therefore engaging pharmaceutical company Novartis on these issues. The company is facing corruption allegations in different countries and recently confirmed that a data manipulation issue created inaccuracies in its biologics license application by AveXis. The engagement focusses on establishing policy and assurance to prevent future controversies from happening, among others. Progress of the engagement will be published in our semi-annual engagement report.

Besides entering a dialogue with pharma companies, a.s.r. ensures to exercise its voting rights in favor of topics such as improving access to medicine and transparency on lobbying. Topics that are also part of our ESG screening criteria. We are a signatory of the Access to Medicine Index.

For a more detailed of our engagements visit our website.

Voting

a.s.r. exercised its voting rights as a shareholder at 808 Annual General Meetings (97%) in Q2 2019. At these meetings, a.s.r. voted against management in 9% of the votable items. At 74 AGMs specific ESG issues were voted on. Below you can see the breakdown of the a.s.r. voting regarding these Environment (E), Social (S) and Governance (G) issues:

ESG voting Q2 2019

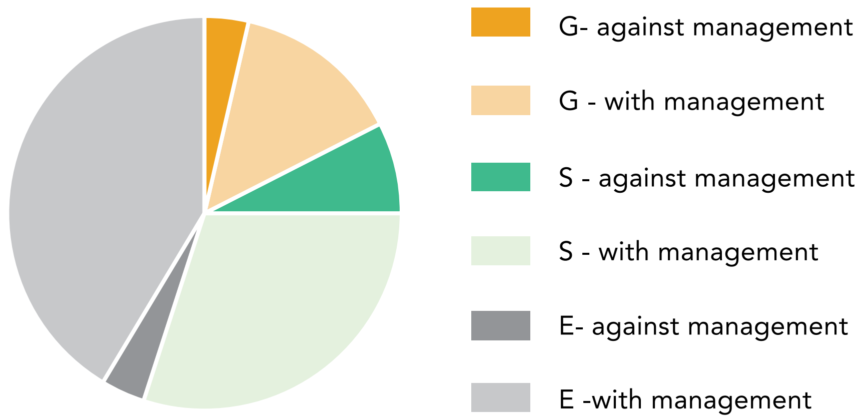

Figure 2: ESG proposals voted on in Q2 2019, divided by ESG topic

With Q2 coming to an end, so is the AGM season. In general, we see the number of ESG related proposals increasing every year. Proxy voting service provider ISS analyzed the AGMs of US located companies and also found a continuous increase in especially Environmental (E) and Social (S) shareholder proposals. Not only did the number of ESG related proposals increase, also the support level from shareholders for these proposals rises significantly.

For a more detailed of our voting visit our website.

Impact investing

At the Capital Markets Day in October 2018, a.s.r. has announced several non-financial targets, including a target to expand our impact investing portfolio to 1.2 billion euro in 2021. In order to reach this goal, a.s.r. will allocate an additional 300 million euro per year, divided over all asset classes. In the first half of 2019 the definitions of impact investing per asset class have been further developed, with a specific focus on our listed equity portfolio.
For the listed equity portfolio, our portfolio managers will identify companies that with their products and services intentionally aim to achieve a positive impact on the planet together with market consistent financial returns. At least 50% of the companies' output should contribute to this outcome and qualify for at least one of the UN PRI Impact Investing themes, based on the UN SDGs. We strive to measure impact on a best effort basis and will continue to improve impact measurement methodologies over the coming months.

Below two examples of impact investing for listed equity and private equity.

Listed equity example: Novozymes

Novozymes is a Danish biotech company that produces enzymes and micro-organisms that make day-to-day products more sustainable, for example by replacing petrochemical molecules with natural molecules in existing products. Novozymes is a frontrunner in the industry and sets ambitious sustainability targets. With its products, it aims to avoid 100 million tons of CO_2 in its chain by 2020.
For example by producing enzymes that biologically enhance agricultural yields with an average of 5% by bio-coating seeds or by producing enzymes that improve chicken bowel flora, resulting in less need for antibiotics and food. For the Food & Beverage sector, Novozymes produces enzymes that extend the expiration date of fresh produce, reducing food waste. The activities of Novozymes therefore contribute to multiple impact themes; sustainable agriculture, renewable energy and water.

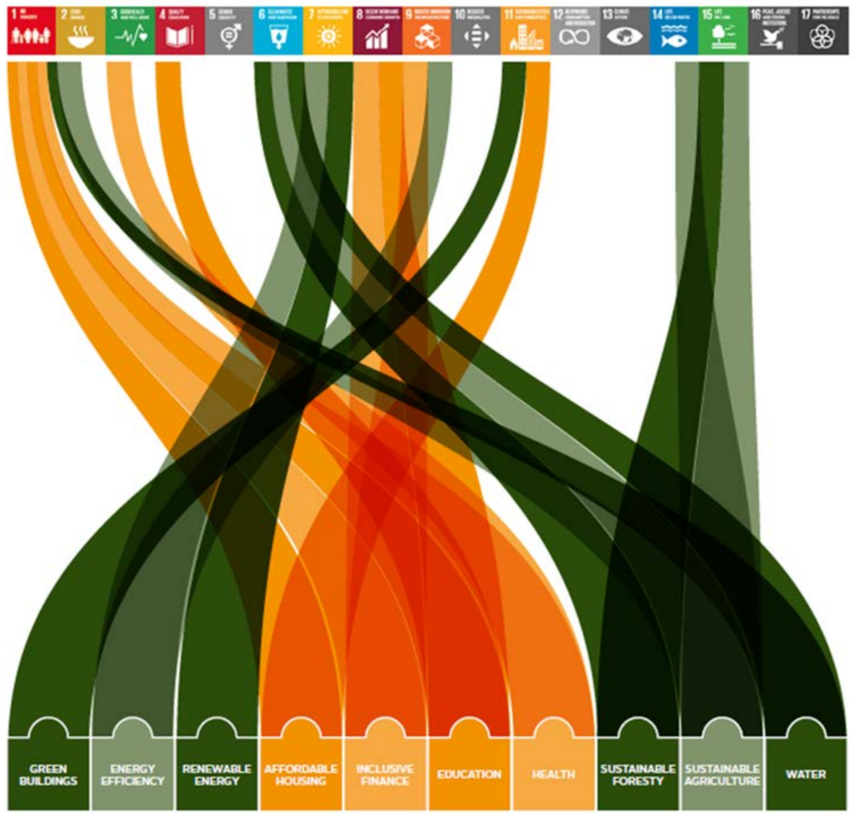

Figure 3. Overview of impact themes. Source: UN PRI (2018) Impact Investing Market Map

Private equity example: We aRe SpinDye®

Another very interesting company in the a.s.r. impact investing portfolio is called We aRe SpinDye® (WRSD), a Swedish fashion tech company. They developed a sustainable coloring method for synthetic textiles, which reduces the environmental impact compared to the traditional dyeing process. The WRSD method of coloring reduces water usage by 75%, chemical usage by 90%, energy consumption by 25% and CO_2 emissions by 30% compared to traditional dyeing, these claims have been audited and validated by Swedish NGO SWEREA.

The WRSD mission is to push for a more sustainable and social fashion and apparel industry, to attain compliance with social and environmental standards in the full supply chain. This requires that negative impact is avoided, in a sector with specific risks regarding labor conditions, and is reflected in the WRSD Code of conduct for their client's suppliers. The company uses the following sources as a guideline: ILO Conventions and Recommendations, United Nations' Universal Declaration of Human Rights, UN Conventions on children's rights and the elimination of all forms of discrimination against women, UN Global Compact, UN Guiding Principles, OECD Guidelines for Multinational Enterprises and other relevant internationally recognized agreements. Compliance to these standards is assured by transparency and traceability, followed by the SpinDye®-certification, based on Life Cycle Assessment methodology with the ISO Standard 14040-series. Therefore we believe that WRSD is not only a business opportunity but also an impact company.

We aRe SpinDye®

Other news

- a.s.r. has received the number 1 position in the Dutch Insurers Benchmark by the Dutch Association of Investors for Sustainable Development (VBDO). VBDO has been assessing the responsible investing activities of the 30 largest Dutch insurance companies since 2009. a.s.r. received an overall score of 4,5 out of 5. For the sections Governance, Policy and Accountability, a.s.r. received the maximum score of 5 (out of 5).

  Independer, website for comparison of financial products, has announced it will integrate sustainability criteria in its advise to customers, using the VBDO benchmark.

  Jack Julicher, CEO a.s.r. asset management: "We are extremely proud of this result. Last report, a.s.r. was ranked second. Our number 1 ranking this year is a confirmation that a.s.r. has continued to make significant steps in our responsible investment policy."

- a.s.r. was mentioned as a good example in the Hall of Fame of the newly published report 'Producing Mass Destruction – private companies and the nuclear weapon industry' as part of the Don't Bank On The Bomb project. PAX compliments a.s.r. on its policy excluding companies that sell or produce controversial weapons, including nuclear weapons.

- a.s.r. has been working with Vigeo Eiris as ESG data provider since 2007. Now Vigeo Eiris and rating agency Moody's have joined forces, driven by the ambition to develop a global standard for ESG assessments. According to both agencies, this merger is a natural step recognizing that ESG assessments are becoming a significant factor in economic and financial players' investment decisions and risk analyses, both in Europe and worldwide. Vigeo Eiris will retain its brand name and maintain its headquarters in France, to ensure continuity of services and maintain analytical autonomy. The agency's Scientific Council will retain all current responsibilities.

- VBDO has published its annual AGM report. In this report VBDO summarizes the results of their engagement with 39 Dutch listed companies on and around their 2019 Annual General Meetings. a.s.r. is one the companies under engagement by VBDO on topics such as climate change, the Sustainable Development Goals (SDGs) and living wages. a.s.r. is explicitly mentioned in the report for our efforts on setting science based targets (SBTs) for reducing carbon emissions in our investment portfolios. Also, a.s.r. was invited to speak at the presentation of the VBDO AGM report about our work with Platform Living Wages Financials (PLWF) on furthering living wages in supply chains.

More information?

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