

# United Nations Principles for Sustainable Insurance

Progress report 2018

## Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Company strategy		References annual report a.s.r. 2018:
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Within the Executive Board, the CEO is ultimately responsible for a.s.r.'s CSR themes. Each year, the Supervisory Board discusses and approves the CSR objectives and the progress made in these specific areas. The Director of Corporate Communications coordinates the implementation together with the CSR Task Force.	Page 113
Dialogue with company owners on the relevance of ESG issues to company strategy	<p>a.s.r. engages in dialogue with all stakeholders on the principles and objectives of its sustainability policy. To this end, it maintains close contact with internal stakeholders and a broad group of external stakeholders.</p> <p><b>Investors</b> Shareholders rely on the execution of a.s.r.'s strategy to create value and are guided by the financial and non-financial targets. They expect management to seize the opportunities that arise and to monitor risks continuously. Dividends and share price developments should offer an attractive total return on their investment. Shareholders are also increasingly interested in the social relevance of the companies they invest in. It is in their interest that a.s.r. represents the interests of all stakeholders in order to achieve long-term value creation and return on capital.</p>	<p>Page 113</p> <p>Page 28</p>
Integrate ESG issues into recruitment, training and employee engagement programmes	a.s.r. needs competent, agile and vital employees with an entrepreneurial and versatile attitude in order to realise 'the story of a.s.r.'. Employees who can and dare to take control of their day-to-day work, including their own careers, but also employees who can handle change, within a.s.r. as well as in the market in which it operates. Because a.s.r.'s environment is rapidly changing. This is why a.s.r.'s HR policy focuses on personal leadership and personal agility, on supporting employees in their professional development and on boosting their continued employability and labour market appeal.	Page 56

Risk management and underwriting		References annual report a.s.r. 2018:
<p>Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions.</p>	<p>Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic objectives are met. Value is created by striking the right balance between risk, return and capital, whilst ensuring that obligations to stakeholders are met. The Risk Management Function (RMF) supports and advises a.s.r. in identifying, measuring and managing risks, and ensures that adequate and immediate action is taken in the event of developments in the risk profile.</p> <p>The performance against the statements (risk profile) is monitored by the risk committees. The risk profiles of the departments are periodically discussed in Business Risk Committees (BRC). After being discussed in a BRC, the non-financial risk profiles are reported to the Non-Financial Risk Committee (NFRC) and the financial risk profiles are reported to the Financial Risk Committee (FRC). The integrated risk profile is reported to the a.s.r. Risk Committee. In the event of infringements, the committees are authorised to decide on corrective actions. The risk governance structure ensures that the risk profile is monitored effectively and that action is taken at the correct and appropriate time.</p>	<p>Page 99</p> <p>Page 101</p>
<p>Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics.</p>	<p>Non-financial risk appetite statements are in place to manage the risk profile within the limits determined by the Executive Board and approved by the Supervisory Board.</p> <p>The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether non-financial risks are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on steps to be taken.</p> <p>On a quarterly basis, the risk profile and internal control performance of each business is discussed with senior management in the business risk committees and the NFRC. In 2018, a.s.r. took steps to further improve the effectiveness of the RMF. The Operational Risk Management (ORM) policy including underlying procedures was updated towards a more risk-based approach. Tasks and responsibilities of the first and second line of defense (including the role of assessor by the RMF) were tightened in the ORM policy and underlying procedures.</p>	<p>Page 101</p>

Product and service development		References annual report a.s.r. 2018:
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	<p>a.s.r. seeks to improve its processes on an ongoing basis, to better help customers and develop sustainable insurance products with long-term value.</p> <p><b>‘Langer mee AOV’</b> The ‘Langer Mee AOV’ disability insurance is an affordable product developed for self-employed persons with a (physically) demanding profession which runs until the retirement age. The ‘Langer Mee AOV’ is a sustainable solution in terms of being and staying healthy by making timely adjustments to the professional’s tasks, training courses or the business which enable self-employed individuals to continue their profession until they retire.</p> <p><b>‘Pechvogelhulp and Pechvogelhulp Plus’</b> Pechvogelhulp and Pechvogelhulp Plus are insurance products for medical expenses following a sudden, unforeseen event. Pechvogelhulp provides cover for extra medical expenses following an accident in the Netherlands that are not covered by the basic insurance.</p> <p><b>‘Sustainable investor’</b> As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical and sustainability criteria in its investment policy. All investments managed by a.s.r. asset management (AVB) are screened on the basis of the SRI policy, focusing on aspects such as social and environmental criteria. Countries and businesses that do not meet the criteria are excluded. These include producers of controversial or offensive weapons, tobacco, coal, tar sand and shale oil, nuclear energy and the gambling industry. a.s.r. also assesses businesses on their compliance with international conventions such as the OECD guidelines and the UN Guiding Principles.</p> <p><b>‘Sustainable real estate’</b> As a real estate investment manager focusing on long-term value creation, the objective of making real estate more sustainable is important. a.s.r. real estate believes in long-term relationships with its stakeholders. Together with them, a.s.r. real estate wants to reduce its carbon footprint. But CSR goes further than just a sustainable management of real estate. a.s.r. real estate wants to contribute to both the environment and society by investing in neighbourhoods, among other things.</p>	<p>Page 48</p> <p>Page 48</p> <p>Page 48</p> <p>Page 69</p> <p>Page 71</p>
Develop or support literacy programs on risk, insurance and ESG issues	<p>As a financial service provider, a.s.r. believes it is important that people have financial continuity in their lives and that they are able to take sensible risks and make informed financial choices, in such a way that they have their finances in order in the short and long term – in other words, that they are financially self-reliant. Some people do not find this easy, and need help. a.s.r. has therefore initiated projects that help people make informed financial choices. Being able to read and being numerically literate, being able to manage money and keep proper financial records are all part of this. The aim is to prevent people from getting into debt, or to help them get out of debt.</p>	<p>Page 67</p>

Claims management		References annual report a.s.r. 2018:
Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	<p>The Customer Interests Central Dashboard (Dutch abbreviation: KBC) of AFM makes clear to what degree the sector puts customer interests first in its products and services. This is done on the basis of various research modules. The modules which in 2018 were part of the Customer Interests Central Dashboard concerned 'Risk premiums mortgages', 'Code of conduct professional insurance policies', and 'Claims handling'.</p> <p>In the investigation into claims handling at Non-life, a.s.r. scored 4.2 with an industry average score of 3.8. This score shows that orientation on the customer is recognised at a.s.r. The themes that were object of the investigation were: provision of information, claims handling and complaints and feedback management.</p>	Page 49

Sales and marketing		References annual report a.s.r. 2018:
<p>Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns.</p> <p>Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood.</p>	<p>a.s.r. continuously measures the NPS (Netto Promotor Score) for a.s.r. and its business lines (the overall NPS score is based on the unweighted average of the business lines). The NPS is a management tool that can be used to gauge the customer satisfaction of an organisation's customers. In the questions put to the customer, emphasis is placed on the employee of a.s.r.: How likely is it that you will recommend a.s.r. to your family, friends and colleagues based on your experience with me? a.s.r. uses the NPS as the most important KPI to monitor its services. Customers indicate on an ongoing basis how they experience a.s.r.'s service. a.s.r. wants its customers to experience that it is continually improving its services and strives for an increase of its NPS. In 2018, the NPS customer contact moment for customers increased by two points during the year, from 40 (2017) to 42 (2018). a.s.r. measures the NPS in all business lines. Many business lines themselves have also formulated specific NPS targets.</p> <p>The Product Approval &amp; Review Process (PARP) is one of the internal tools for assessing the relevance of products and services. The focus is on customers and customer interests. The PARP is followed for new products and on a regular basis for existing products and applies continuous improvement on the basis of comments from customers and consultants and, for example, changes in legislation and regulations. The PARP applies to products that are actively offered while inactive products and services are also reviewed on a regular basis. The PARP tests, among other things, Cost Efficiency, Usefulness, Safety and Comprehensibility (Dutch abbreviation: KNVB). This KNVB test includes AFM issues and a.s.r.'s own policies. For example, the usefulness of a product and/or service for the customer is assessed: to what extent is the product a response to an actual need of the target group and does it have any added value? The comprehensibility test examines whether the target group can properly assess the usefulness of a product on the basis of the information the customer receives from a.s.r. This includes tests for comparability, completeness of the information provided, and whether the product characteristics are clearly defined.</p>	<p>Page 48</p> <p>Page 51</p>

<b>Investment management</b>		<b>References annual report a.s.r. 2018:</b>
Integrate ESG issues into investment decision-making and ownership practices.	a.s.r. is aware of the importance of and the responsibility expected from its role as investor; both as asset owner and as asset manager. Therefore sustainability is an essential part of a.s.r. investment beliefs. For a.s.r., the integration of ESG factors in the management of its investments contributes directly to the reduction of risks (both financial and reputational risks) and has a positive effect on its long-term performance.	Page 69

## Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

<b>Clients and suppliers</b>		<b>References annual report a.s.r. 2018:</b>
<p>Dialogue with suppliers on the benefits of proper management of ESG issues</p> <p>Provide suppliers with information and tools that help them manage ESG issues</p> <p>Integrate ESG issues into tender and selection processes for suppliers</p> <p>Encourage suppliers to disclose ESG issues and to use relevant disclosure frameworks</p>	<p>a.s.r. imposes additional requirements on its suppliers in the areas of the environment, human rights and working conditions, when relevant within the scope of the sourcing matter. The requirements are part of all procurement contracts concluded between a.s.r. and its suppliers since 2017. As a result, awarding an assignment depends partly on the Socially Responsible Procurement document scoring. The main objective of the Socially Responsible Procurement policy is to be in dialogue with suppliers on these socially relevant themes. This subject is therefore a recurrent agenda item in the (board) meetings between a.s.r. and its most strategic suppliers.</p>	<p>Page 29</p>

<b>Insurers, reinsurers and intermediaries</b>		<b>References annual report a.s.r. 2018:</b>
<p>Promote the adoption of the Principles</p>	<p>Best-in-class investing is part of the a.s.r. selection process for companies based on ESG best practices and products. a.s.r. favors companies that deliver an above-average performance in the area of ESG policy and implementation. Based on Vigeo Eiris research, which is certified by Arista standards, they are classified as pioneering, best-in-class and sustainable companies using a relative, sector-based ranking for six domains of analysis: Human Resources, Environment, Market Ethics, Good Governance, Social Impact and Human Rights.</p>	<p>Page 75</p>

<p>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</p>	<p>a.s.r. recognises three types of engagement</p> <p>I. Engagement for the purpose of influencing: this type of engagement is used to move companies towards better sustainable practices. In 2018, the issues addressed included the following:</p> <ul style="list-style-type: none"> <li>• Global Compact breaches via a.s.r.'s partnership with Robeco:</li> <li>• Living wages via the Platform Living Wages Financials (PLWF): the PLWF is a collaboration initiative among 8 financial institutions to engage listed companies in the garment, agri-food and retail sector on addressing living wage issues in their supply chain.</li> <li>• Methane in the oil and gas industry via the CIO dialogue platform.</li> </ul> <p>II. Engagement for the purpose of monitoring: Sustainability is a standard topic on a.s.r.'s agenda during its meetings with companies from its investment portfolio.</p> <p>III. Public engagement: In 2018, a.s.r. continued to participate actively in the dialogue to create an International Corporate Social Responsibility (ICSR) sector covenant, together with peers, the public sector and various NGOs.</p>	<p>Page 70</p>
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## Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

<b>Governments, regulators and other policymakers</b>		<b>References annual report a.s.r. 2018:</b>
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	a.s.r. has undertaken a public commitment to act as a responsible insurer and investor. In evidence of this, it has signed many national and international standards and covenants.	Page 63, 65, 69, 70
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	<p>The Compliance Function reports on compliance matters and progress made on the relevant actions at Group level, supervised entity level and division level on a quarterly basis. The quarterly report at division level is discussed with the responsible management and scheduled for discussion by the Business Risk Committee.</p> <p>The quarterly report at Group level and supervised entity level is presented to and discussed with the a.s.r. Risk Committee and submitted to the Audit &amp; Risk Committee.</p> <p>The report is shared and discussed with the DNB, the AFM and the external auditor.</p>	Page 106
<b>Other key stakeholders</b>		<b>References annual report a.s.r. 2018:</b>
Dialogue with other key stakeholders	a.s.r.'s main stakeholders are its customers, investors, employees and society at large. a.s.r. is in permanent dialogue with these stakeholders concerning its priorities, objectives and policy. A context in which customers play a key role. Long-term relationships with its customers enables a.s.r. to create long-term value for all stakeholders.	Page 29 and 317

## Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

		References annual report a.s.r. 2018:
Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	a.s.r. describes its long term value creation in chapter 4 of the Annual Report 2018.	Pages 48-75
Participate in relevant disclosure or reporting frameworks	This report has been prepared in accordance with the GRI Standards: Core option. The GRI table, including additional information not included in the annual report itself, can be found in Annex F. In addition, the Integrated Reporting Framework of the IIRC (International Integrated Reporting Council) has been used to further integrate the financial and non-financial information into the Management report.	Page 309
Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	a.s.r.'s main stakeholders are its customers, investors, employees and society at large. a.s.r. is in permanent dialogue with these stakeholders concerning its priorities, objectives and policy. A context in which customers play a key role. Long-term relationships with its customers enables a.s.r. to create long-term value for all stakeholders.	Page 29, 316-317

