

# United Nations Principles for Sustainable Insurance

Progress report 2020

## 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. 2020:
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	<p>a.s.r. aims to embed sustainability in all its core processes and activities. In order to continue to drive and monitor sustainability in all its aspects within a.s.r., sustainability has been earmarked as a strategic topic. Within the Executive Board, the CEO is ultimately responsible for a.s.r.'s sustainability themes. The Sustainability Workforce supports the CEO in his responsibility for the development and implementation of a.s.r.'s sustainability strategy and policy. This workforce includes delegates from the business as well as staff departments. It reports quarterly on a set sustainability KPIs and targets to the Business Executive Committee (BEC), which evaluates the results achieved and takes action where necessary.</p> <p>The BEC also sets strategic sustainability targets as part of the total set of financial and non-financial KPIs. Each year, the Supervisory Board discusses and approves the strategic objectives and progress made in these specific areas. a.s.r.'s sustainability team coordinates the implementation together with the workforce. All members of the workforce subsequently promote this vision and objectives within their own focus areas.</p>	Page 124
Dialogue with company owners on the relevance of ESG issues to company strategy	<p>a.s.r. attaches great value to a strong relationship with the investor community in the broadest sense and sets high standards with respect to transparent communication and fair disclosure. The aim of a.s.r.'s investor relations is to provide all relevant information which can help investors make well-informed investment decisions. a.s.r. makes every possible effort to ensure that the information it discloses is accurate, complete and timely. a.s.r. provides relevant insight into its activities through selected financial and non-financial disclosures (including ESG issues).</p>	Page 65
Integrate ESG issues into recruitment, training and employee engagement programmes	<p>Having a competent, agile, engaged, diverse and vital workforce is key in enabling a.s.r. to achieve its business targets. a.s.r. is therefore committed to attracting, retaining and inspiring the most suitable employees, offering them extensive opportunities for training and development, and facilitating a sound work/life balance. This has been especially important in 2020, when due to COVID-19 all employees had to work from home.</p>	Page 47-53

Risk management and underwriting		References annual report a.s.r. 2020:
<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>a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances. 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 Business Executive Committee (BEC) – Risk meeting. The BEC monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the BEC – Risk meeting determines the risk appetite statements, limits and targets for a.s.r. 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 98</p> <p>254-255</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. 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 each quarter.</p>	<p>Page 98</p>

<b>Product and service development</b>		<b>References annual report a.s.r. 2020:</b>
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	In a changing world, there is a growing need for sustainable and socially responsible products and services which increase positive and reduce negative impacts. Developing and marketing these products is part of a.s.r.'s business strategy. An overview of our sustainable products and services can be found in our Annual Report 2020.	Page 36-38
Develop or support literacy programs on risk, insurance and ESG issues	As a financial service provider, a.s.r. believes it is important that people have financial continuity in their lives and are able to take responsible risks and make conscious financial choices, in such a way that they have their finances in order in the long and short term – in short, that they are financially self-reliant. Some people do not find this easy and require help. a.s.r. therefore initiates projects which help people make conscious financial choices. Being able to read and being numerically literate, able to manage money and keep proper financial records are all part of this. It is a.s.r.'s aim to prevent people from getting into debt, or to help them escape from it.	Page 68-69

<b>Claims management</b>		<b>References annual report a.s.r. 2020:</b>
Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	a.s.r. takes the view that complaints handling requires specific knowledge and skills. Which is why complaints officers keep their knowledge and skills up to date through continuous education, for example by following the course Dealing with Emotion and Aggression.  Customers give a.s.r.'s complaints officers a score of 8.4 on a scale of 10 (2019: 8.0).	Page 39-40

<b>Sales and marketing</b>		<b>References annual report a.s.r. 2020:</b>
<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 Net 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 reflects the customer satisfaction of an organisation's clients.</p> <p>The Product Approval &amp; Review Process (PARP) is one of the internal processes for assessing the relevance of products and services. The focus is on customers and their interests. The PARP is followed for new products and on a regular basis for reviews of existing products. It drives continuous improvement for example based on comments from customers and consultants and changes in legislation and regulations. The PARP is applicable to products that are actively offered, as well as inactive products and services which are also reviewed on a regular basis. In accordance with the Dutch Authority for the Financial Markets (AFM) assessment framework and in line with legislation and regulations a.s.r. has set up the PARP tests, which covers among other things, cost efficiency, usefulness, safety and comprehensibility.</p> <p>The PARP assesses the usefulness of a product and/or service for the customer: to what extent is the product a response to an actual need of the target group and does it have sufficient added value? The comprehensibility test examines whether the target group can properly assess the usefulness of a product based on the information the customer receives from a.s.r. This includes tests for comparability, completeness of the information provided and whether product characteristics are clearly defined.</p>	<p>Page 38-40</p>

<b>Investment management</b>		<b>References annual report a.s.r. 2020:</b>
<p>Integrate ESG issues into investment decision-making and ownership practices.</p>	<p>a.s.r.'s SRI policy covers all its investments, both for proprietary assets (or own account) and those managed on behalf of third party clients. Over the years, a.s.r. has expanded its efforts from its original focus on exclusions to making a positive contribution to a more sustainable world. A regular update of a.s.r.'s efforts can be found in the quarterly ESG reports; see <a href="http://www.asrnl.com">www.asrnl.com</a>.</p> <p>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.'s 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.</p>	<p>Page 41</p>

## 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. 2020:</b>
Dialogue with suppliers on the benefits of proper management of ESG issues	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.	Page 57
Provide suppliers with information and tools that help them manage ESG issues		
Integrate ESG issues into tender and selection processes for suppliers	a.s.r.'s current contract management policy stipulates that screenings are to be carried out periodically. If in a.s.r.'s opinion there is reason to doubt the integrity of a supplier, appropriate measures will be taken. a.s.r. makes additional requirements of its strategic suppliers in environment, human rights and working conditions. These requirements form part of the procurement contracts concluded between a.s.r. and its strategic suppliers.	
Encourage suppliers to disclose ESG issues and to use relevant disclosure frameworks		

<b>Insurers, reinsurers and intermediaries</b>		<b>References annual report a.s.r. 2020:</b>
Promote the adoption of the Principles	a.s.r. also assesses businesses on their level of compliance with international conventions such as the Organisation for Economic Cooperation and Development (OECD) guidelines, the UN Guiding Principles on Business and Human Rights (UNGPs) and the UN Global Compact principles (UNGC).  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. favours companies that achieve an above-average performance in the area of ESG policy and implementation.	Page 41

<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.</p> <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:  a.s.r. continued to actively participate in the implementation of the International Responsible Business Conduct (IRBC) agreements in conjunction with peers, the public sector and various nongovernmental organisations (NGOs). a.s.r. played an active role in three working groups (general assembly, development of specific guidelines for a climate policy and the extra annual 'Do Good' working group for the sector). a.s.r. also signed the Green Recovery Statement urging the Dutch government to consider sustainability and inclusion in its recovery plans after COVID-19.</p>	<p>Page 42</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. 2020:</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 41, 106
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	The Compliance Manager issues quarterly reports on compliance matters and the progress made in the relevant actions at Group level, supervised entity (OTSO) level and division level. The quarterly report at division level is discussed with the responsible management and scheduled for discussion by the Business Risk Committee. The quarterly report at Group level and OTSO level is presented to and discussed with the individual members of the Executive Board and the Business Executive Committee and submitted to the A&RC of the Supervisory Board. The report is shared and discussed with the DNB, the AFM and the (internal and) external auditor.	Page 105
<b>Other key stakeholders</b>		<b>References annual report a.s.r. 2020:</b>
Dialogue with other key stakeholders	The a.s.r. organisation has a diverse set of stakeholders with varying interests and expectations. a.s.r. identifies customers, investors, employees and intermediaries as its most important stakeholder groups. These stakeholder groups significantly influence the performance of a.s.r. and are conversely affected by the organisation's activities, products and services. Other stakeholders of a.s.r. include business partners, regulators, tax authorities, suppliers, trade unions, the media and civil society organisations.	Page 348-350

## Principle 4

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

		References annual report a.s.r. 2020:
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 sustainable value creation in chapter 3 of the Annual Report 2020.	Page 35-70
Participate in relevant disclosure or reporting frameworks	The Annual 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 339-340
Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	The a.s.r. organisation has a diverse set of stakeholders with varying interests and expectations. a.s.r. identifies customers, investors, employees and intermediaries as its most important stakeholder groups. These stakeholder groups significantly influence the performance of a.s.r. and are conversely affected by the organisation's activities, products and services. Other stakeholders of a.s.r. include business partners, regulators, tax authorities, suppliers, trade unions, the media and civil society organisations.	Page 348-350

