



# Principal Adverse Impacts Statement

## ASR Vermogensbeheer N.V.

In this statement, ASR Vermogensbeheer N.V. (AVB) explains how it takes into account the prevention of possible adverse effects on sustainability (or Principal Adverse Impacts) in its investment decisions. PAI stands for Principal Adverse Impacts.

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# 1. Summary

ASR Vermogensbeheer N.V. (AVB) takes into account the main adverse impacts on sustainability factors in its investment decisions. This statement (Principal adverse impacts statement) results from our investment approach and is updated annually on the basis of new insights and objectives in the field of sustainable and responsible investment.

AVB is supervised by the Dutch Authority for the Financial Markets (AFM) and has a licence to manage investment institutions under Article 2:65(1)(a) of the Financial Supervision Act (Wft). Pursuant to Article 2:67a(2) Wft, AVB is permitted to provide the following investment services to both non-professional and professional investors under its licence:

- Performing dedicated asset management;
- Providing investment advice; and
- Receiving and transmitting orders related to financial instruments.

AVB is part of the group headed by ASR Nederland N.V. (ASR NL). ASR NL has a group-wide sustainability policy, remuneration, taxation and purchasing policy. AVB applies them all with a view to sustainable business operations.

In addition, AVB has its own policy for sustainable investment. It applies this in addition to the policy of ASR NL. Adherence to and monitoring of the sustainability policy takes into account the main adverse sustainability impacts of AVB's business operations.

AVB's Socially Responsible Investment (SRI) policy sets requirements for the underlying investments of the funds it manages, including in the area of sustainability. AVB also applies this policy to the underlying investments when providing investment advice and in performing dedicated asset management.

The SRI policy contains criteria, standards and control procedures for several Environmental, Social and Governance (ESG) themes with a view to managing key sustainability risks and mitigating adverse sustainability impacts of investment decisions. The SRI policy is periodically adjusted on the basis of new insights, objectives and expectations.

If an investment institution managed by AVB invests in one or more investment institutions not managed by AVB, AVB applies its sustainability criteria for external managers and funds. Based on these criteria, minimum requirements are set for the manager of these funds to comply with international standards, such as the United Nations Principles for Responsible Investment (UN PRI), the United Nations Global Compact (UN GC) and exclusions for controversial weapons, plus additional ESG criteria in the selection process with the ambition to invest as much as possible in line with the sustainability guidelines is so far as AVB's internally managed assets are concerned.

For proper due diligence on sustainability aspects of investments and the inclusion of negative sustainability impacts in investments, the availability of good and reliable data is of major importance. These data are not always available yet (as of January 2021). AVB is actively involved in the development of market standards for sustainability data for the financial sector and aims to use the best possible available data and to contribute to the best possible availability of such data. AVB expects that in the coming years, with the introduction of sustainability rules and the tightening and expansion of transparency requirements, AVB will be increasingly able to assess and take into account the impact of its investments on sustainability factors. AVB will therefore periodically update and further refine this statement.

## 2. Description of main adverse sustainability impacts

In its SRI policy, AVB has formulated the sustainability criteria on the basis of which it assesses investments in companies and countries, and investments via other investment institutions, in the field of (among other things) the environment, society, good governance and contribution to controversial activities.

AVB does not invest in companies and countries that do not sufficiently meet the criteria set by AVB. To this end, ASR NL has drawn up a list of excluded countries and excluded companies. AVB also applies these lists.

The exclusion criteria described below relate to limits on economic activities in the arms trade, tobacco and the gambling industry, as well as the generation of nuclear energy and electricity from coal, and the extraction of coal, oil, shale and tar sands. AVB also requires that companies in which it invests comply with international conventions on human and labour rights and the environment, both the company itself and the downstream chain.

AVB also requires, among other things, the equal treatment of men and women, the right to a living wage, trade union freedom and the exclusion of child labour. AVB also does not invest in government bonds of countries that score poorly in terms of corruption, democratic freedoms and the environment.

Countries and companies that do meet the sustainability criteria of AVB's SRI policy, and thus contribute to a sustainable society, are preferred for additional investments. These include countries and companies committed to the energy transition and to combating the risks of climate change. Health care and education, for example, are also important themes for AVB.

This positive selection process results in a ranking of companies in the areas of human capital, environment, ethics, good governance, social impact and human rights, and provides a classification for the companies that are most progressive in the mentioned areas of concern. These companies are then given a relatively heavier weighting in our investment portfolios.

A full overview of all sustainability criteria used by AVB is available in the current policy. This policy is periodically updated on the basis of new insights, objectives and expectations. In this document, AVB also indicates how the policy has been applied in the past period and what the results have been. AVB expects that in the near future it will be easier to demonstrably relate the achieved results to the policy pursued, because more and more reliable data will become available from companies and countries in which it invests, so that AVB can steer more and more effectively on its policy criteria.

This makes the policy and its application a continuous process. Its purpose is threefold:

- Reducing adverse sustainability impacts of AVB's investments;
- Encouraging positive social value through AVB's investments; and
- AVB's management of non-financial risks on the financial performance of its investments.

### 3. Description of policy to identify and prioritise the most significant adverse sustainability impacts

For many years, AVB has attached great importance to applying its SRI policy to its investments. The main objective of this policy is to reduce any adverse impact of its investments on sustainability factors. A first version of the SRI policy was approved on 7 December 2007. Since then, the SRI policy has been adjusted and tightened several times.

Compliance with the SRI policy is primarily the responsibility of AVB's portfolio managers. Each mandate of an investment institution or an individual client is managed in accordance with the points of reference and restrictions laid down in the policy. Customers for whom AVB manages individual portfolios can also opt for additional sustainability restrictions. The investment restrictions are technically translated for the purpose of the portfolio management systems, with real-time monitoring and pre-trade compliance rules. Violations of the SRI policy, as well as other restrictions, are reported to portfolio managers and risk managers. Post-trade monitoring is done through the daily screening of compliance rules, including all applicable ESG criteria.

Any findings are reported to the management of AVB. Twice a year, a screening of the entire portfolio is carried out by two external parties, including validation of compliance with the SRI policy. In this context, AVB cooperates with V.E. (part of Moody's and ISO 9001 accredited and Forum Ethibel).

AVB assesses the significant adverse sustainability impacts of its investments based on the following:

- Excluding companies and countries that do not fit within the restrictions of AVB's SRI policy; and
- Additional weighting of companies with a relatively better sustainability performance than their direct sector peers.

### 4. Reporting on controlling unfavourable sustainability impacts

AVB reports periodically, on a quarterly basis on the website and annually via the annual report, on which actions it has taken in the context of sustainability and the effects these have had on the containment and prevention of negative sustainability impacts of AVB's investments.

### 5. Shareholder engagement policy

As a committed shareholder, AVB maintains an ongoing dialogue on sustainability issues with the companies in which it invests, and - where possible - with countries whose debt instruments it holds. AVB has had a 'Shareholder Engagement Policy' since 2012. This policy can be found on the AVB website.

AVB believes in maintaining a constructive dialogue with the companies in which it invests, with the aim of increasing long-term shareholder value and social returns. If AVB discovers controversial activities and the dialogue with the company concerned does not lead to a positive change, this company is excluded from the investment portfolio(s).

In addition to a dialogue to influence the business operations of companies, AVB monitors the companies in which it invests and maintains an active dialogue with the financial sector and representatives of public policy on sustainability issues.

## 6. References to international sustainability standards

AVB's SRI policy is based on, and in line with, international conventions, recommendations, frameworks and guidelines as developed by the United Nations (UN), the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD). The SRI Policy contains a detailed overview of standards applied within AVB. As part of the policy, there is a positive selection process that provides insight into which international standards underpin each domain. The assessment of the degree of compliance with the international standards is part of a six-monthly screening conducted by two external parties.

More information about the SRI policy, the positive selection process, exclusion policy, shareholder engagement policy, voting policy, remuneration policy, periodic ESG reports, annual reports and progress on the non-financial targets in force are available on the website of AVB and ASR NL.

## 7. Final word

This PAI Statement is an initial statement by AVB and has been written on the basis of a draft regulatory framework, namely the Regulatory Technical Standards ('RTS') which provide further guidance on Article 4 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability disclosure in the financial services sector ('SFDR'). As the current regulatory framework is subject to change, AVB intends to further refine its current control processes, as described in this statement, after implementation of the further regulatory framework, in cooperation with internal and external stakeholders.