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This document contains the following texts, drafted as a response to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”):

- I. Statement on how we promote environmental or social characteristics through our investment products;
- II. Statement on how we aim to pursue sustainable objectives through our investment products; and
- III. Statement on how we promote environmental or social characteristics through our client mandates.

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I. How do we promote environmental or social characteristics through our investment products?

This text contains an overview of the way in which ASR Vermogensbeheer N.V. (“AVB”) aims to promote environmental or social characteristics through the financial products that we qualify as such. AVB is a wholly owned subsidiary of ASR Nederland N.V. (“ASR NL”). This document serves as a specification of Article 10 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019.

Summary

AVB is the manager of a number of investment funds, as referred to under the AIFMD directives. These supervised funds, as listed on AVB’s website, are all qualified as products that promote ecological or social characteristics within the meaning of Article 8 of the on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019. This means that the funds promote sustainability characteristics, in the sense that a sustainability policy is applied when making investment decisions.

Specifically, this concerns the following funds:

- ASR ESG IndexPlus Institutioneel Bedrijfsobligatiefonds
- ASR ESG IndexPlus Bedrijfsobligatiefonds
- ASR Duurzaam Institutioneel Nederlands Aandelenfonds
- ASR Fonds Sicav
- ASR Hypotheekfond
- ASR Separate Account Mortgage Fund
- ASR Private Debt Fonds I
- ASR Kapitaalmarktfonds – APPA fond
- ASR Kapitaalmarktfonds – onderwijs
- First Liability Matching fond

The prospectuses and information memoranda of the relevant funds also provide details on the sustainability characteristics promoted by the products, as well as how sustainability risks are managed.

This document provides further insight into the process as set up for this purpose within AVB, and which is applied to all the aforementioned funds.

No sustainable objective

The investment funds listed above are all qualified as products that promote ecological or social characteristics, as referred to in Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019. This means that these investment funds promote sustainability, but do not have a sustainable objective as referred to in Article 9 of the aforementioned Regulation.

In line with the SRI policy, AVB takes sustainability considerations into account in its investment decisions where possible, but at the same time, contributing to sustainability is not the main objective of the aforementioned investment funds. The policy of these investment funds is therefore not aimed at impact investing within the playing field of responsible investing.

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Attention to sustainability is part of AVB's business operations, also where it concerns the management of investment funds. If the above investment funds make sustainable investments, possible adverse impacts on sustainability are taken into account in accordance with the PAI statement available on the AVB website.

Ecological or social characteristics of the financial product

General

The investment funds listed above are all managed in accordance with the criteria, standards and guidelines set out in AVB's sustainable investment policy. This Socially Responsible Investment ('SRI') policy provides guidance on:

- Excluding companies and countries that do not fit within the restrictions of the policy; and
- Investing as much as possible in companies with a relatively better sustainability performance than their direct sector peers; and
- Investing as much as possible in countries with a relatively better sustainability performance.

The policy is continuously adjusted to reflect new insights and expectations, and is drafted based on positive ESG themes such as:

- Environmental management
- Human resources
- Human rights
- Community engagement
- Conduct with respect to consumer rights, suppliers and subcontractors and business ethics
- Good governance

Specific criteria and standards also apply to topics such as gambling, tobacco and nuclear energy. In addition, criteria and indicators apply to countries in the areas of political freedoms, corruption and environmental management. For more information see also the *Principal Adverse Impacts* ('PAI') statement of AVB.

ASR ESG IndexPlus Institutioneel Bedrijfsobligatie Fonds and ASR ESG IndexPlus Bedrijfsobligatie Fonds

These two funds invest in accordance with the SRI policy. In addition, they push for it that:

- The fund's average ESG score is always higher than that of the benchmark used;
- The percentage of companies in the fund with an ESG score above the average of the universe is always higher than 70%; and
- The percentage of companies in the fund with a 'Best-in-class' label from Forum Ethibel is always higher than that of the benchmark.

ASR Hypotheekfonds and ASR Separate Account Mortgage Fund

These two funds apply the SRI policy wherever possible. In addition, they consider the following sustainability characteristics:

- Efficient energy use, as an important aspect of making the home more sustainable, is in line with the objectives of the Dutch Climate Agreement and the Paris Agreement; and

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- Mortgage products are geared towards first-time buyers on the Dutch housing market, for example by using a longer duration, which makes home ownership possible for this group as well.

Other

The six other funds invest in accordance with the SRI policy. This means, in short, that they apply certain exclusions and give preference to 'best in class' investments.

Investment strategy

AVB applies its sustainability policy to the management of the aforementioned funds. This policy contains the criteria, standards, procedures and control processes for various Environmental, Social and Governance (ESG) issues, with the aim of controlling major sustainability risks associated with (potential) investments as much as possible. Investments that conflict with the sustainability objectives of AVB are excluded on the basis of the sustainability policy.

AVB also takes into account good governance requirements in the selection of investments and, where applicable, additional ESG criteria in line with the fund's objectives.

Where the funds invest in investment institutions, the sustainability factors and risk control process of such investment institutions are described either in the investment policy on the website of the manager of the external investment institution in question, or in the fund documentation of the investment fund. In this case, AVB requires the managers of such investment institutions to endeavor to invest as much as possible in line with the AVB's SRI policy. In doing so, AVB aims to ensure that such investment institutions invest in line with the United Nations Principles for Responsible Investment ('UN PRI') or the United Nations Global Compact ('UN GC') and standards as defined by the Dutch Association of Insurers regarding the exclusion of investments in controversial weapons.

More information on the sustainability policy, and how negative impacts of investment decisions on sustainability aspects are mitigated, is available online on the AVB website. This includes the applicable sustainability policy, code of conduct, exclusion policy, voting policy, remuneration policy as well as periodic ESG reports, annual reports and progress on applicable non-financial targets.

Proportion of investments

The aforementioned investment funds are managed according to the criteria and standards described here. More information on the composition of the investments of the various funds can be found in their information memoranda and on the AVB website.

Specifically for the ASR Hypotheekfonds and the ASR Separate Account Mortgage Fund, a distinction is made between (i) the value of the sustainability and starter mortgages and (ii) the value of the other mortgages in the fund. These values are periodically reported on the website.

Monitoring of ecological or social characteristics

Based on ASR Nederland's sustainable investment policy, companies and countries are excluded on the basis of certain activities (weapons production, nuclear energy, other activities from a certain percentage of company turnover) and certain conduct.

The investment universe includes all public companies and benchmarks that all portfolio managers can invest in. Twice a year, an AVB employee retrieves a list of the investment universe from the software

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program used for this purpose (SimCorp Dimension). This list contains, inter alia, the ISIN code and the Vigeo code. The latter is a unique code used by the external ESG data provider (V.E. - part of Moody's).

The AVB employee establishes that the report is complete, following which the list is sent to V.E. V.E. analyses the investment universe for exclusions. Subsequently, Forum Ethibel, a subsidiary of V.E., supplies the best in class companies. All in accordance with the specifications of ASR Nederland's sustainable investment policy.

In addition, once a year, countries are screened by an AVB employee by consulting the following public research institutes:

- Freedom in the World Index
- Corruption Perception Index
- Sustainable Development Goals Index

Countries that do not meet the threshold values applied are excluded.

Investments in private companies, through private loans or venture capital, are normally made through external managers. As a result, we are dependent on them for periodic feedback on the sustainability performance of the funds set up in this way and the underlying companies. We include this reporting requirement in the contractual agreements with our selected managers.

The aim of this periodic process is to ensure that no investments are made in companies or countries that are excluded in accordance with our sustainable investment policy. It also provides the data points for our positive selection process in which companies and countries with a relatively high(er) sustainability performance are considered in portfolio construction.

Methodologies

In the above process, we use a third party (V.E.) when it comes to investments in public companies, partly our own employees when it comes to investments in sovereign debt, and partly our selected external managers when it comes to investments in private companies.

The sustainability performance and reporting obligations of public companies (and public interest entities) are increasingly regulated by legislation at European and national level. This increases data availability and quality, which is aggregated, analysed and offered to the financial sector through ESG data providers (such as V.E.). We are proactively involved within a number of platforms to further develop and standardise such data and methodologies, and welcome these developments.

Private companies outside the supervision of financial regulators may choose to use the same reporting standards for sustainability measurements. We attempt to facilitate and support this as much as possible.

We use the United Nations Sustainable Development Goals ('SDG') to underpin our country policy when investing in sovereign debt. The methodology used is maintained by the Bertelsmann Stiftung, within their SDG Index, which is publicly accessible.

Data sources and process

We are in constant dialogue with our ESG data provider(s) regarding ESG data developments and expectations. The data we use come from V.E. Forum Ethibel, the Bertelsmann Stiftung, and the aforementioned external managers.

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The market for sustainability data sources is evolving and we expect that European directives such as the Non-financial Reporting Directive ('NFRD') and the EU Taxonomy ('Taxonomy') but also standards like the Partnership for Carbon Accounting Financials ('PCAF') and the Partnership for Biodiversity Accounting Financials ('PBAF') and other global developments in the field of human rights reporting or climate risk reporting will all contribute positively to improving data quality and comparability for ESG data.

The investment funds use the available data in the context of promoting sustainability aspects. An example of this is that the funds compare their (intended) investments with lists of excluded investments. They also select 'best in class' investments. The aim is to act in line with the SRI policy.

Some of the ESG data used are based on estimates.

Limitations of data

We see that the launch of the sustainability objectives of the United Nations ('Sustainable Development Goals') and the Paris Climate Agreement, both in 2015, has created a momentum for countries and businesses in the field of sustainability. This has translated into the continued development of standards and measuring instruments. These are often imperfect, and we expect a large number of improvements in granularity and comparability towards 2030, which we not only welcome but indeed actively support. Although the available data sources are not perfect, our investment funds can use them as a basis to promote sustainability aspects.

We are actively involved in the development of market standards for sustainability data for the financial sector and we aim to use the best possible available data and to contribute to the best possible availability of such data. We expect that in the coming years, with the introduction of sustainability rules and the tightening and expansion of transparency requirements, we will increasingly be able to assess and consider the impact of our investments on sustainability factors.

Due diligence

Within our selection processes, both at the instrument level and the external manager level, a large number of checks are built in to ensure that we are acting in accordance with our own policies. Part of these processes is to check the underlying investments of the funds we manage against the available ESG data. For more information see also AVB's *Principal Adverse Impacts* ('PAI') statement.

Engagement policy

Within our sustainable investment policy, we have included a detailed process description for our engagement policy and practice. We want to invest responsibly and be a committed shareholder. As a committed and active shareholder, we manage shares in (listed) companies in which investments have been made on behalf of and at the risk of our customers, and we exercise the associated rights, such as voting rights. The voting right extends to all relevant matters submitted to a vote of the shareholders. These include strategy, financial and non-financial performance and risks, sustainability and ESG policy, appointments, remuneration policy and corporate governance topics.

We also report on this periodically via the website.

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Benchmark

All funds that we have identified here as products that promote ecological or social characteristics within the meaning of Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019, have included in their prospectus or information memorandum information on a reference benchmark, and to what extent it is linked to the sustainability characteristics promoted by the fund.

II. How our investment products have a sustainable objective?

This text contains an overview of the way in which ASR Vermogensbeheer N.V. (“AVB”) through its investment products, which we qualify as such, aims to achieve sustainable objectives. AVB is a wholly owned subsidiary of ASR Nederland N.V. (“ASR NL”). This document serves as a specification of Article 10 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019.

Summary

AVB is the manager of a number of investment funds, as referred to under the AIFMD directives. These supervised funds, as listed on AVB’s website, are all qualified as products that aim to achieve sustainable objectives within the meaning of Article 9 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019.

Specifically, this concerns the following funds:

- ASR ESG IndexPlus Institutioneel Europa Aandelenfonds
- ASR ESG IndexPlus Institutioneel Europa Aandelenfonds
- ASR ESG IndexPlus Institutioneel Euro Staatsobligatiefonds
- ASR ESG IndexPlus Euro Staatsobligatiefonds

The prospectuses and supplements of the relevant funds also provide further information on how the product aims to achieve sustainable investments, as well as how sustainability risks are managed.

This document provides further insight into the process as set up for this purpose within AVB, and which is applied to all the aforementioned funds.

No significant harm to the sustainable investment objective

The investment funds listed above are all qualified as products that aim to achieve sustainable objectives, as referred to in Article 9 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019.

At the time of the implementation of the Regulatory Technical Standards (‘RTS’), the periodic reports of the aforementioned funds will account for the relevant sustainability indicators as included in the Annex to the RTS.

In addition to pursuing their sustainable objectives, the aforementioned funds are also managed in accordance with the sustainable investment policy (Socially Responsible Investment; ‘SRI’) of AVB. This policy contains the criteria, standards, procedures and control processes for various Environmental, Social and Governance (ESG) issues, with the aim of controlling major sustainability risks associated with (potential) investments as much as possible.

Investments that conflict with the sustainability objectives of AVB are excluded on the basis of the sustainability policy.

AVB’s policy is based on international guidelines of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the relevant ILO conventions.

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Sustainable investment objective of the financial product

ASR ESG IndexPlus Institutioneel Europa Aandelenfonds and ASR IndexPlus Europa Aandelenfonds

The fund aims to reduce greenhouse gases and promote the energy transition. To this end, the fund has a sustainable investment objective to reduce the CO₂ intensity of the fund by 50% by 2030 (with 2017 as base year) and to be climate neutral by 2050.

This objective is in line with the Paris Agreement objective of limiting the global temperature rise to below 2 degrees Celsius and aiming for a maximum of 1.5 degrees Celsius warming by 2050. The 1.5 degrees Celsius scenario, drawn up by the Intergovernmental Panel on Climate Change (IPCC), is in line with the objective of the European Commission (EC) of becoming CO₂ neutral by 2050.

ASR ESG IndexPlus Institutioneel Staatsobligatiefonds and ASR ESG IndexPlus Staatsobligatiefonds

The fund aims to invest at least 10% of the portfolio in Green Bonds, which meet the standards and guidelines used for this purpose.

In addition, the weighted average SDG score of the fund's investments must be in the top 10% of the SDG Index published by the Bertelsmann Stiftung ('the SDG Index'). This Sustainable Development Goals ('SDG') Index provides a periodic ranking of countries and their performance on the United Nations sustainability goals.

Investment strategy

ASR ESG IndexPlus Institutioneel Europa Aandelenfonds and ASR IndexPlus Europa Aandelenfonds

The fund's investment strategy is aimed at achieving better long-term returns than the benchmark at lower risk, with the sustainable investment objective of reducing carbon dioxide emissions and promoting the energy transition. To this end, the fund has the objective of reducing the CO₂ intensity of the portfolio by 50% by 2030 (with 2017 as base year) and to be climate neutral by 2050.

The fund's investment strategy is twofold: (i) approx. 75% of the fund (with a range of 70-80%) is invested according to an active systematic strategy and (ii) the remaining approx. 25% of the fund (with a range of 20-30%) is invested according to an active fundamental strategy.

AVB also takes into account good governance requirements in the selection of investments and, where applicable, additional ESG criteria in line with the fund's objectives.

ASR ESG IndexPlus Institutioneel Staatsobligatiefonds and ASR ESG IndexPlus Staatsobligatiefonds

The fund's investment strategy is based on the idea that a portfolio with a high-quality sustainability profile and a bias towards funding 'green' projects creates more economic and social value in the long run, and offers lower risk to both the bondholder and the world we live in.

To this end, the fund invests in a broadly diversified portfolio of highly rated ('Investment Grade') government bonds issued in EUR. The aim is to achieve an average long-term return that is higher than the financial benchmark used. The sustainability objectives described above are anchored in the fund guidelines.

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AVB also takes into account good governance requirements in the selection of investments and, where applicable, additional ESG criteria in line with the fund's objectives.

More information on the sustainability policy, and how negative impacts of investment decisions on sustainability aspects are mitigated, is available online on AVB's website. This includes the applicable sustainability policy, code of conduct, exclusion policy, voting policy, remuneration policy as well as periodic ESG reports, annual reports and progress on applicable non-financial targets.

Proportion of investments

The aforementioned investment funds are managed in accordance with the ranges and threshold values defined for them. More information on the composition of the investments of the various funds can be found in their prospectuses and on the AVB website.

Monitoring of sustainable investment objective

ASR ESG IndexPlus Institutioneel Europa Aandelenfonds and ASR IndexPlus Europa Aandelenfonds

AVB uses generally recognised suppliers of ESG data (VigeoEiris and MSCI) for its sustainability indicators. AVB determines the extent to which the fund's sustainability objectives are achieved using the following list of sustainability indicators:

- Carbon dioxide emissions, measured as intensity standardised to the company's turnover. Based on Scope 1 and 2 emissions;
- Decarbonisation risk, measured as Carbon Emission Management Score, to provide insight into how well a company manages its risks and opportunities with regard to CO2 emissions compared to its peers;
- Percentage of 'green sales', measured as a percentage to indicate how much revenue a company generates from the sale of products and/or services that fall under the impact themes of climate change (such as alternative energy, energy efficiency and the sustainability of buildings); and
- Overall ESG score, to indicate how well a company manages its most material ESG risks compared to its peers.

ASR ESG IndexPlus Institutioneel Staatsobligatiefonds and ASR ESG IndexPlus Staatsobligatiefonds

For its sustainability indicators, AVB uses the following publicly available data sources to determine the extent to which the fund's sustainability objectives are being achieved:

- Green Bond classification as determined by the applicable guidelines and standards, i.e. the Green Bond Principles, Climate Bond Standards and the EU Green Bond Standard; and
- SDG score of the countries in the SDG Index.

Methodologies

In the above processes, we use third parties (VigeoEiris and MSCI) where investments in public companies are involved, and public sources and analysis thereof by our own staff where investments in sovereign debt are involved.

The sustainability performance and reporting obligations of public companies (and public interest entities) are increasingly regulated by legislation at European and national level. This increases data

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availability and quality, which is aggregated, analysed and offered to the financial sector through ESG data providers. We are proactively involved within a number of platforms to further develop and standardise such data and methodologies, and welcome these developments.

We use the United Nations Sustainable Development Goals (Sustainable Development Goals) to underpin our country policy when investing in sovereign debt. The methodology below is maintained by the Bertelsmann Stiftung, within their SDG Index, which is publicly accessible.

Data sources and processing

We are in constant dialogue with our ESG data provider(s) regarding ESG data developments and expectations. The data we use come from V.E. Forum Ethibel, the Bertelsmann Stiftung, and the aforementioned external managers.

The market for sustainability data sources is evolving and we expect that European directives such as the Non-financial Reporting Directive ('NFRD') and the EU Taxonomy ('Taxonomy') but also standards like the Partnership for Carbon Accounting Financials ('PCAF') and the Partnership for Biodiversity Accounting Financials ('PBAF') and other global developments in the field of human rights reporting or climate risk reporting will all contribute positively to improving data quality and comparability for ESG data.

The investment funds use the available data in the context of promoting sustainability aspects. An example of this is that the funds compare their (intended) investments with lists of excluded investments. They also select 'best in class' investments. The aim is to act in line with the SRI policy.

Some of the ESG data used are based on estimates.

Limitations to methodologies and data

We see that the launch of the sustainability objectives of the United Nations ('Sustainable Development Goals') and the Paris Climate Agreement, both in 2015, has created a momentum for countries and businesses in the field of sustainability. This has translated into the continued development of standards and measuring instruments. These are often imperfect, and we expect a large number of improvements in granularity and comparability towards 2030, which we not only welcome but indeed actively support. Although the available data sources are not perfect, our investment funds can use them as a basis to promote sustainability aspects.

We are actively involved in the development of market standards for sustainability data for the financial sector and we aim to use the best possible available data and to contribute to the best possible availability of such data. We expect that in the coming years, with the introduction of sustainability rules and the tightening and expansion of transparency requirements, we will increasingly be able to assess and consider the impact of our investments on sustainability factors.

Due diligence

Within our selection processes, a large number of checks are built in to ensure that we are acting in accordance with our own policies. Part of these processes is to check the underlying investments of the funds we manage against the available ESG data. For more information see also AVB's *Principal Adverse Impacts* ('PAI') statement.

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Engagement policies

Within our sustainable investment policy, we have included a detailed process description for our engagement policy and practice. We want to invest responsibly and be a committed shareholder. As a committed and active shareholder, we manage shares in (listed) companies in which investments have been made on behalf of and at the risk of our customers, and we exercise the associated rights, such as voting rights. The voting right extends to all relevant matters submitted to a vote of the shareholders. These include strategy, financial and non-financial performance and risks, sustainability and ESG policy, appointments, remuneration policy and corporate governance topics.

We also report on this periodically via the website.

Attainment of the sustainable investment objectives

ASR ESG IndexPlus Institutioneel Europa Aandelenfonds and ASR IndexPlus Europa Aandelenfonds

The fund uses a market capitalisation weighted benchmark to compare the financial performance of the fund, which does not explicitly take sustainability into account. This benchmark is therefore not geared to, and is not in line with, the fund's sustainable objectives.

In order to assess whether the entire fund is on track for the intended CO₂ reduction, the annual average reduction in CO₂ intensity measured over a 3-year period must be at least 7%. If this is not the case, the optimisation parameters are adjusted in order to achieve the 7% reduction target as yet.

ASR ESG IndexPlus Institutioneel Staatsobligatiefonds and ASR ESG IndexPlus Staatsobligatiefonds

The fund uses a tailor-made benchmark to compare the financial performance of the fund. The investments in Green Bonds have an explicit and absolute sustainable investment objective and the fund uses the SDG Index to determine the extent to which the fund's sustainable investment objective is being realised.

III. How do we promote environmental or social characteristics through our client mandates?

This text contains an overview of the way in which ASR Vermogensbeheer N.V. (“AVB”) aims to promote environmental or social characteristics through the financial products that we qualify as such. AVB is a wholly owned subsidiary of ASR Nederland N.V. (“ASR NL”). This document serves as a specification of Article 10 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019.

Summary

AVB is the manager of a number of dedicated client mandates. These asset management portfolios are all qualified as products that promote ecological or social characteristics within the meaning of Article 8 of the on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019. This means that the funds promote sustainability characteristics, in the sense that a sustainability policy is applied when making investment decisions.

The appendices of the asset management contracts of the relevant portfolios provide more detail on the sustainability characteristics promoted by the mandate, as well as how sustainability risks are managed.

This document provides further insight into the process as set up for this purpose within AVB, and which is applied to all individual asset management portfolios.

No sustainable objective

The asset management portfolios listed above are all qualified as products that promote ecological or social characteristics, as referred to in Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019. This means that these individual asset management portfolios promote sustainability, but do not have a sustainable objective as referred to in Article 9 of the aforementioned Regulation.

In line with the SRI policy, AVB takes sustainability considerations into account in its investment decisions where possible, but at the same time, contributing to sustainability is not the main objective of the aforementioned investment individual asset management portfolios. The policy of these individual asset management portfolios is therefore not aimed at impact investing within the playing field of responsible investing.

Attention to sustainability is part of AVB’s business operations, also where it concerns the management of individual asset management portfolios. If the above individual asset management portfolios make sustainable investments, possible adverse impacts on sustainability are taken into account in accordance with the PAI statement available on the AVB website.

Ecological or social characteristics of the financial product

General

The individual asset management portfolios listed above are all managed in accordance with the criteria, standards and guidelines set out in AVB’s sustainable investment policy. This Socially Responsible Investment (“SRI”) policy provides guidance on:

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- Excluding companies and countries that do not fit within the restrictions of the policy; and
- Investing as much as possible in companies with a relatively better sustainability performance than their direct sector peers; and
- Investing as much as possible in countries with a relatively better sustainability performance.

The policy is continuously adjusted to reflect new insights and expectations, and is drafted based on positive ESG themes such as:

- Environmental management
- Human resources
- Human rights
- Community engagement
- Conduct with respect to consumer rights, suppliers and subcontractors and business ethics
- Good governance

Specific criteria and standards also apply to topics such as gambling, tobacco and nuclear energy. In addition, criteria and indicators apply to countries in the areas of political freedoms, corruption and environmental management. For more information see also the *Principal Adverse Impacts* ('PAI') statement of AVB.

Investment strategy

AVB applies its sustainability policy to the management of the aforementioned individual asset management portfolios. This policy contains the criteria, standards, procedures and control processes for various Environmental, Social and Governance (ESG) issues, with the aim of controlling major sustainability risks associated with (potential) investments as much as possible. Investments that conflict with the sustainability objectives of AVB are excluded on the basis of the sustainability policy.

AVB also takes into account good governance requirements in the selection of investments and, where applicable, additional ESG criteria in line with the individual asset management portfolios' objectives.

Where the individual asset management portfolios invest in investment institutions, the sustainability factors and risk control process of such investment institutions are described either in the investment policy on the website of the manager of the external investment institution in question, or in the fund documentation of the investment fund. In this case, AVB requires the managers of such investment institutions to endeavor to invest as much as possible in line with the AVB's SRI policy.

More information on the sustainability policy, and how negative impacts of investment decisions on sustainability aspects are mitigated, is available online on the AVB website. This includes the applicable sustainability policy, code of conduct, exclusion policy, voting policy, remuneration policy as well as periodic ESG reports, annual reports and progress on applicable non-financial targets.

Proportion of investments

The aforementioned individual asset management portfolios are managed according to the criteria and standards described here. More information on the composition of the investments of the various portfolios can be found in the appendices of the applicable asset management contracts. Additionally, clients receive monthly- and quarterly reports in which the current composition of their portfolio is represented.

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Monitoring of ecological or social characteristics

Companies and countries are excluded on the basis of certain activities (weapons production, nuclear energy, other activities from a certain percentage of company turnover) and certain conduct.

The investment universe includes all public companies and benchmarks that all portfolio managers can invest in.

Twice a year, an AVB employee retrieves a list of the investment universe from the software program used for this purpose (SimCorp Dimension). This list contains, inter alia, the ISIN code and the Vigeo code. The latter is a unique code used by the external ESG data provider (V.E. - part of Moody's).

The AVB employee establishes that the report is complete, following which the list is sent to V.E. V.E. analyses the investment universe for exclusions. Subsequently, Forum Ethibel, a subsidiary of V.E., supplies the best in class companies. All in accordance with the specifications of ASR Nederland's sustainable investment policy.

In addition, once a year, countries are screened by an AVB employee by consulting the following public research institutes:

- Freedom in the World Index
- Corruption Perception Index
- Sustainable Development Goals Index

Countries that do not meet the threshold values applied are excluded.

Investments in private companies, through private loans or venture capital, are normally made through external managers. As a result, we are dependent on them for periodic feedback on the sustainability performance. We include this reporting requirement in our contractual agreements.

The aim of this periodic process is to ensure that no investments are made in companies or countries that are excluded in accordance with our sustainable investment policy. It also provides the data points for our positive selection process in which companies and countries with a relatively high(er) sustainability performance are considered in the portfolio.

Methodologies

In the above process, we use a third party (V.E.) when it comes to investments in public companies, partly our own employees when it comes to investments in sovereign debt, and partly our selected external managers when it comes to investments in private companies.

The sustainability performance and reporting obligations of public companies (and public interest entities) are increasingly regulated by legislation at European and national level. This increases data availability and quality, which is aggregated, analysed and offered to the financial sector through ESG data providers (such as V.E.). We are proactively involved within a number of platforms to further develop and standardise such data and methodologies, and welcome these developments.

Private companies outside the supervision of financial regulators may choose to use the same reporting standards for sustainability measurements. We attempt to facilitate and support this as much as possible.

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We use the United Nations Sustainable Development Goals ('SDG') to underpin our country policy when investing in sovereign debt. The methodology used is maintained by the Bertelsmann Stiftung, within their SDG Index, which is publicly accessible.

Data sources and process

We are in constant dialogue with our ESG data provider(s) regarding ESG data developments and expectations. The data we use come from V.E. Forum Ethibel, the Bertelsmann Stiftung, and the aforementioned external managers.

The market for sustainability data sources is evolving and we expect that European directives such as the Non-financial Reporting Directive ('NFRD') and the EU Taxonomy ('Taxonomy') but also standards like the Partnership for Carbon Accounting Financials ('PCAF') and the Partnership for Biodiversity Accounting Financials ('PBAF') and other global developments in the field of human rights reporting or climate risk reporting will all contribute positively to improving data quality and comparability for ESG data.

The individual asset management portfolios use the available data in the context of promoting sustainability aspects. An example of this is that the funds compare their (intended) investments with lists of excluded investments. They also select 'best in class' investments. The aim is to act in line with the SRI policy.

Some of the ESG data used are based on estimates.

Limitations of data

We see that the launch of the sustainability objectives of the United Nations ('Sustainable Development Goals') and the Paris Climate Agreement, both in 2015, has created a momentum for countries and businesses in the field of sustainability. This has translated into the continued development of standards and measuring instruments. These are often imperfect, and we expect a large number of improvements in granularity and comparability towards 2030, which we not only welcome but indeed actively support. Although the available data sources are not perfect, our investment funds can use them as a basis to promote sustainability aspects.

We are actively involved in the development of market standards for sustainability data for the financial sector and we aim to use the best possible available data and to contribute to the best possible availability of such data. We expect that in the coming years, with the introduction of sustainability rules and the tightening and expansion of transparency requirements, we will increasingly be able to assess and consider the impact of our investments on sustainability factors.

Due diligence

Within our selection processes, both at the instrument level and the external manager level, a large number of checks are built in to ensure that we are acting in accordance with our own policies. Part of these processes is to check the underlying investments of the funds we manage against the available ESG data. For more information see also AVB's *Principal Adverse Impacts* ('PAI') statement.

SFDR - Article 10

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Engagement policy

Within our sustainable investment policy, we have included a detailed process description for our engagement policy and practice. We want to invest responsibly and be a committed shareholder. As a committed and active shareholder, we manage shares in (listed) companies in which investments have been made on behalf of and at the risk of our customers, and we exercise the associated rights, such as voting rights. The voting right extends to all relevant matters submitted to a vote of the shareholders. These include strategy, financial and non-financial performance and risks, sustainability and ESG policy, appointments, remuneration policy and corporate governance topics.

We also report on this periodically via the website.

Benchmark

All asset management portfolios that we have identified here as products that promote ecological or social characteristics within the meaning of Article 8 of the Regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 of 27 November 2019, have included in their asset management agreement information on a reference benchmark or index, and to what extent it is linked to the sustainability characteristics promoted by the fund.

Where no benchmark or index is agreed upon, an index closely aligned to the portfolios characteristics in its periodic reporting.