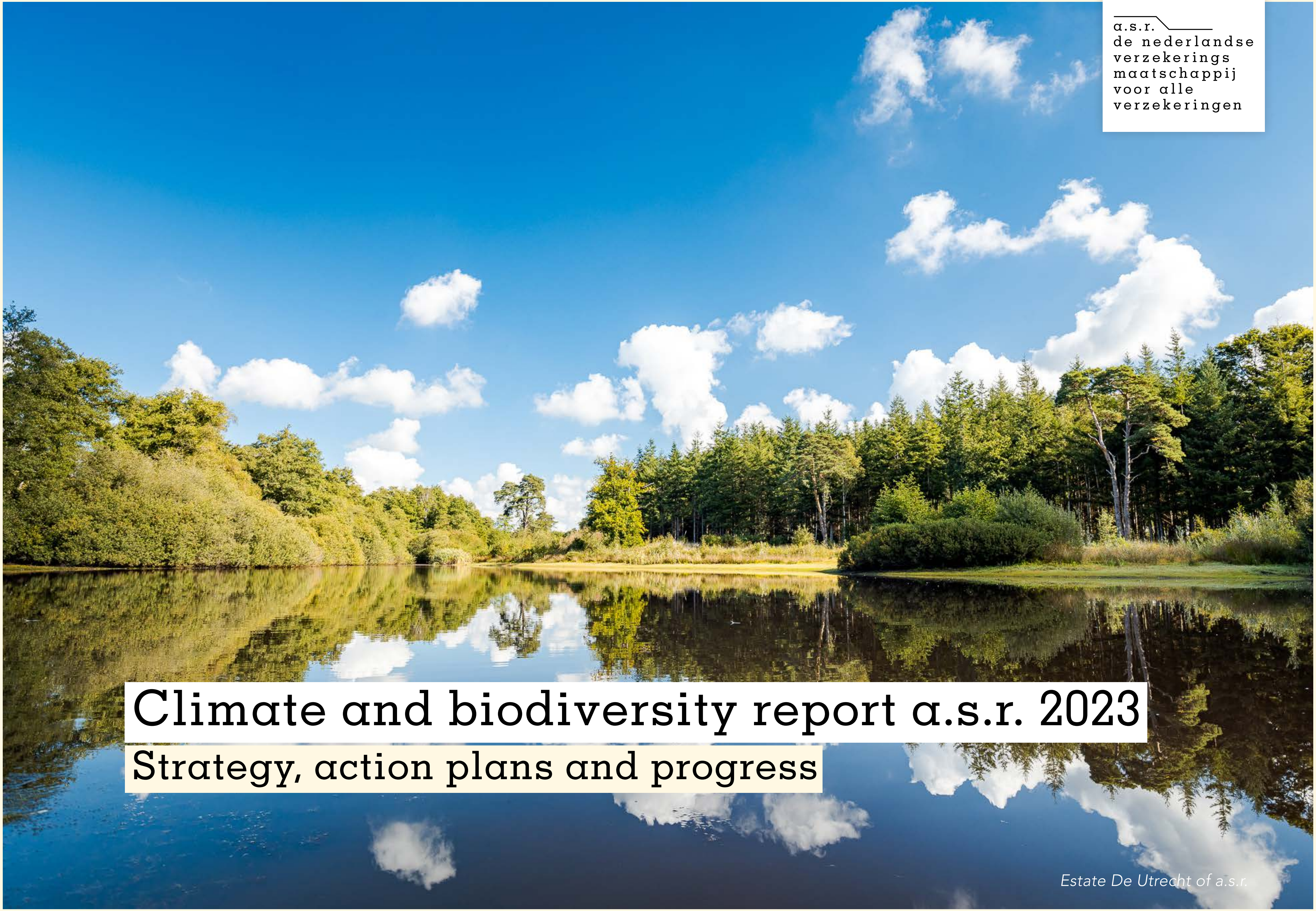


a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen

Climate and biodiversity report a.s.r. 2023

Strategy, action plans and progress

Estate De Utrecht of a.s.r.

Table of contents

Preface

Our commitment to a better climate and biodiversity

a.s.r.'s raison d'être is to help people. We help customers share risk and build up capital for later. Sustainability plays a major part in this. In everything we do, we question whether it is sustainable, whether it contributes for future generations. "Nu, later en altijd" is the brand asset developed for the in 2023 launched marketing campaign of a.s.r. It translates to "Now, later and always". With its financial services and role as responsible investor, a.s.r. aims for an improved financial situation for its customers and a sustainable society for today, tomorrow and for future generations to come.

As insurers, we need to pay more attention to climate damage. Storms, forest fires and floods are becoming more frequent due to climate change. Climate change also contributes to biodiversity loss, which in turn affects our food supply and clean water availability, among other things.

To limit global warming, one of the things we need to do is focus on energy transition to reduce CO_2 emissions. Fortunately, awareness is growing about the need for an energy transition from fossil to sustainable energy. However, climate targets are being realised too slowly, while the effects of climate change and biodiversity loss are already being felt. a.s.r. also notices these consequences. Damage from extreme weather has increased in recent years. If we as a society fail to take the energy transition seriously and take appropriate measures, non-life insurance premiums will rise and there may come a time when they are no longer affordable for many people.

That is why at a.s.r. we are firmly committed to reducing greenhouse gas emissions and want to play a leading role in the financial sector in terms of energy transition and nature protection. We do this in different ways. Close to home, we help customers getting their damage repaired sustainably wherever possible. For example, by not replacing an entire floor but only the piece that is damaged. And through the circular use of materials, using materials that can later be reprocessed. This way of working is much less detrimental to the climate and nature.

In addition, the energy transition also brings new risks. The flammability of lithium batteries and problems in extinguishing roofs with solar panels are some examples of this. At a.s.r., we are always looking for ways to make these new risks insurable in a responsible manner.

a.s.r. also has an eye for sustainability as an investor. We urge companies we invest in to reduce CO_2 emissions and invest in companies that contribute to a sustainable society. For example, in companies committed to the energy transition. Furthermore, a.s.r. has a large property portfolio. We are one of the largest private landowners in the Netherlands. Reducing CO_2 emissions and protecting biodiversity are also policy spearheads within our property portfolio.

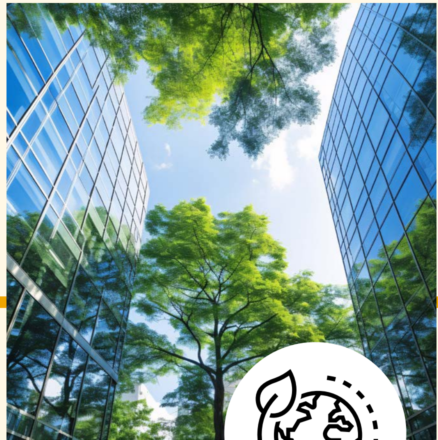
As a financial institution, we can make an important contribution to improving the climate and nature. We are constantly working on new solutions and raising the bar. The merger of a.s.r. with Aegon Nederland has increased our clout. Together, we can achieve more. I see a.s.r. as a frontrunner, but fortunately more and more banks and insurers are working on this. This is a positive development, because we all need to hurry in order to prevent far-reaching global warming. Together, we can ensure that we pass on a liveable earth to future generations.

Jos Baeten,
CEO

2023 in bird's eye view

WEii

Office in Utrecht is Paris Proof and receives WEii certificate.



70% CO_2 reduction compared to 2015 in our investments.

TNFD Taskforce on Nature-related Financial Disclosures

a.s.r. uses the new TNFD framework to assess nature- related risks and opportunities.

New CO_2 emission reduction target for the insurance portfolio.

1. Introduction

a.s.r. wants to be at the forefront of sustainable business practice and to be among the leading sustainable insurers. In everything we do, we think about whether it is sustainable for the future. With our products and services, we aim to contribute to solving issues society is facing and which are related to our core business, such as insurance and asset management. The 2023 merger with Aegon Nederland (hereinafter: Aegon NL) has further increased our impact on this. Three themes are central to this.

1	2	3
Financial self-reliance and inclusion.	Vitality and sustainable employment.	Sustainable living

Within the core strategic theme of ‘Sustainable living' we pay attention to climate change and biodiversity loss. Both lead to risks for our customers, our business and society at large. That is why we are reducing our carbon footprint and investing in activities that support the energy transition and restore biodiversity. We help customers with our insurance products and information to reduce climate risks and to live more sustainably.

Also within our own business operations, we work continuously to minimise the negative environmental impact of offices, transport and procurement.

In recent years, climate and biodiversity have become increasingly important issues for a.s.r. Our stakeholders are also increasingly interested in what we are doing in relation to climate and biodiversity. For these reasons, we describe our principles and activities in relation to climate and biodiversity in this report.

Chapter 2 highlights a.s.r.’s commitment to climate change and the need to take action. Chapter 3 provides an overview of the pillars of our climate strategy, our climate goals, sustainability governance at a.s.r. and our involvement in sector-wide initiatives and partnerships. Chapter 4 then goes on to describe how we identify, assess and manage different types of climate risks. Chapter 5 discusses our own specific actions and plans by business unit, including our own business operations.

In addition to climate change, we also pay specific attention to biodiversity and ecosystems for the first time in this report, highlighting our engagement and initiatives in this context. You can read about this in chapter 6. Finally, chapter 7 provides a brief outlook on a.s.r.'s role in promoting sustainability and addressing climate and biodiversity challenges in the future.

This document is a snapshot in time. Within a.s.r. we are committed every day to combating climate change and biodiversity loss and playing an active role in the energy transition. And in the meantime, we measure and evaluate our efforts. This leads to ever new insights and new tools that we deploy against climate change and biodiversity loss. a.s.r. welcomes readers to provide feedback on this document and invites everyone to contribute constructively to sustainable solutions.

2. a.s.r. and climate change

Global warming has major consequences for people and nature. Increasingly we experience extreme weather, such as torrential rains, droughts and heat waves, as well as floods. Such conditions cause damage and heat stress, especially in agriculture and the built environment. In addition, the changing climate can be detrimental to our health. It increases infectious diseases and deteriorates water quality: in warmer water, bacteria and algae develop faster. Insects that used to be absent in the Netherlands can suddenly survive in a warmer climate. Consider the tiger mosquito, which can transmit zika virus, dengue fever (dengue) and yellow fever. Moreover, there is a link between climate change and biodiversity loss. Healthy ecosystems act as climate buffers, for example by absorbing large amounts of water during floods or, conversely, by retaining water during droughts. Grasslands, forests and oceans also absorb greenhouse gases from the atmosphere. Biodiversity loss thus exacerbates the effects of climate change, and conversely, climate change can also exacerbate biodiversity loss.

These developments also affect us as an insurer. Damage due to extreme weather is increasing and insurers will have to pay out more and more. There is also a risk that climate change will lead to higher healthcare costs. These developments could put pressure on insurance premiums and even make them unaffordable in the long run. The Dutch Association of Insurers expects drought and flooding caused by climate change to cost Dutch insurers over EUR 250 million extra annually in the most extreme scenario.[1]

Climate change also affects our investments in companies, real estate and land. These may decrease in value as a result. We therefore have a direct interest in preventing and mitigating the effects of further climate change as much as possible.

2.1 Paris Climate Agreement

In order to slow down global warming, 195 countries signed the Paris Climate Agreement in 2015. The Paris Climate Agreement contains agreements to reduce greenhouse gas emissions (hereafter CO_2)[2] - with CO_2 as the most important gas. The aim is to limit warming to well below 2 degrees Celsius and preferably no more than 1.5 degrees Celsius compared to the average temperature on earth before the industrial revolution. The United Nations Intergovernmental Panel on Climate Change (IPCC) stresses that we must keep warming below 1.5 degrees Celsius to avoid serious and irreversible climate problems. This requires halving greenhouse gas emissions by 2030 compared to 1990, and achieving zero net emissions by 2050.[3]

3. Climate strategy

a.s.r. wants to make an active and positive contribution to society. We do this by offering services and products that are not only good for customers now, but also in the long term: developed with future generations in mind. Within our sustainability strategy, our priorities include combating climate change and biodiversity loss. We put this into practice by setting clear goals, developing tools and reporting transparently on the progress and results of our efforts. We also constantly evaluate the impact of our activities on climate and biodiversity, and adjust them where necessary.

3.1 The pillars of our climate strategy

a.s.r. is committed to combating climate change and its negative effects in various ways. We take into account potential effects of climate change in our risk analyses, help customers prevent or mitigate climate risks, and encourage the energy transition where possible. We are also convinced that cooperation is crucial to combat climate change. Therefore, we are involved in sector initiatives to accelerate the transition to a climate-neutral society.

3.3.1

Including climate risks in strategic risk analyses

3.3.2

Supporting customers in preventing or mitigating climate risks

3.3.3

Encouraging the energy transition: our path to net zero

3.3.4

Contributing to sector initiatives

3.1.1 Including climate risks in strategic risk analyses

Each year, a.s.r. analyses the risks posed by climate change. By identifying these risks within a.s.r.'s various business units, we can better manage them. We examine what risks occur, where they are greatest and what measures are needed to minimise them. More information on this is given in chapter 4.

3.1.2 Supporting customers in preventing or mitigating climate risks

Customers of a.s.r. receive tips and advice to prevent or mitigate damage caused by climate change. For example, by making a tiled garden greener to improve rainwater drainage or by constructing a green roof. Business customers who are visited by our prevention specialists receive a report after this visit with advice on climate adaptation measures they can take. In addition to advice, a.s.r. also offers insurance to protect people and businesses against damage resulting from climate change. In 2020, for example, a.s.r. was the first insurer in the Netherlands to extend its buildings and movable property insurance policies with (secondary) flood cover. In addition, our home insurance offers the option of (co-)insuring green roofs and facades, for example. We also offer customers with motorhome or caravan insurance the option of having a hail-resistant roof installed by our repair network after hail damage, at no extra cost and without charging the excess. More information on this is given in chapter 5.

3.1.3 Encouraging the energy transition: our path to net zero

a.s.r. invests in increasing renewable energy capacity by investing in the acquisition of wind and solar farms and the installation of solar panels on roofs of offices, shops and homes. We offer customers the option of including sustainable solutions, such as heat pumps, solar panels and car charging stations, in their household contents/inventory items insurance or home/commercial property insurance. For customers with a mortgage, a.s.r. offers a Sustainability Mortgage, which allows them to make their homes more sustainable and improve their living comfort. And if there is damage, it is repaired in an environmentally friendly way whenever possible, and we only replace things when it cannot be avoided. When compiling our investment portfolio, we use climate criteria that ensure that the carbon footprint of our investments decreases. Farmers who use agricultural land belonging to us can get a discount on the ground rent/lease, the moment they meet certain sustainability requirements for soil, biodiversity and business. a.s.r. itself also makes great efforts to use less energy. In so doing, we provide space for the development of new sustainability initiatives, demonstrating that sustainable change is possible. More information is given in chapter 5.

3.1.4 Contributing to sector initiatives

a.s.r. believes it is important to make clear promises, be transparent and cooperate with other parties in the fight against climate change. Through participation in various alliances and initiatives, such as Climate Action 100+, PCAF and the Dutch Climate Coalition, a.s.r. shares knowledge and encourages others to work together for a climate-neutral society. More information on our commitment in this context to this and the partnerships we enter into is provided later in this chapter.

3.2 Coherence with a.s.r. sustainability policy

a.s.r.'s climate strategy is linked to a.s.r.'s sustainability policy. Within a.s.r., our Socially Responsible Investment (SRI) policy and our ESG policy real estate flesh out our climate strategy for investments. With our Sustainable Insurance Policy we do the same for the insurance side. The climate-related parts of this policy are included in this report.

Part of our stakeholder policy is that we consider the interests of relevant stakeholders when defining and further developing the sustainability strategy. In 2023, a.s.r. held discussions with employees and external stakeholders on our three strategic key themes, including the key theme 'Sustainable living' which focuses on climate and biodiversity. The results will be used to further tighten the climate strategy.

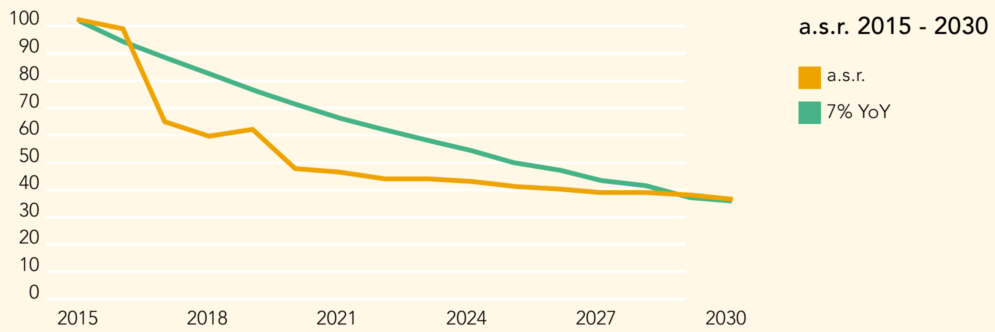
In 2023, in line with the European Union's Corporate Sustainability Reporting Directive (CSRD), a.s.r. conducted a double materiality analysis. This examined which sustainability themes are material (of great importance) to a.s.r. and require extra attention. The double materiality perspective means that companies must report not only on the impact of sustainability factors on the company (referred to as 'financial materiality'), but also on what their own impact is on people and the environment (referred to as 'impact materiality'). Sustainability risks, impact and opportunities were thus assessed and prioritised for all of a.s.r.'s business units. In this context the themes of 'climate' and 'biodiversity and ecosystems' were both rated as material topics. In its 2024 reporting, a.s.r. will start reporting more on these themes in line with the CSRD's statutory requirements. In what form is still under review.

3.3 Our climate targets

Given the major consequences of climate change, it is vital to accelerate towards a climate-neutral society. a.s.r. is aware of this and, as an insurer, investor and property manager, wants to play a role in countering climate change and accelerating the energy transition. To achieve this, we have set four main target for our investments, insurance and business operations:

-70%

We aim to reduce the CO_2 emissions from our investments (listed equity, corporate bonds, government bonds, real estate investments and mortgages). By 2050 at the latest, we want to be carbon neutral. Between 2015 (Paris Agreement) and 2030, our target was a 65% reduction, but as this has now been more than achieved with 70% CO_2 reduction in 2023, we will update our 2030 target in 2024.[4]



-0,1%

For our insurance portfolio, our ambition is to be climate neutral by 2050. In 2023, we therefore set interim targets for our P&C insurance portfolio in 2030. For our business portfolio (excluding CAR)[5] and private passenger car portfolio, we aim to achieve an overall 26% reduction in emissions in 2030 compared to 2022. In 2023, despite solid growth in our insurance portfolio in scope, our insurance-related emissions were down 0.1%.

€ 4 bln

By 2024, we aim to have at least EUR 4.5 billion of impact investments on the balance sheet. Many of these investments are related to boosting the energy transition. By 2023, the figure stood at EUR 4 billion in positive impact investments. Due to the integration with Aegon NL, this target will be recalibrated in 2024.

-52%

By 2025, we aim to reduce CO_2 emissions from our own business operations by 50% compared to 2018.[6] Specifically for the head office, the target was to limit energy consumption per square metre (gross floor area) to 50 kWh by 2030.[7]

48kWh

Both targets have already been achieved: by 2023, CO_2 emissions from our own business operations were reduced by 52%, and consumption per square metre was 48 kWh.

Science-Based Targets initiative

The Science-Based Targets initiative (SBTi) has developed a method to validate CO_2 reduction targets for investments. This method will demonstrate that these targets are in line with scientific insights and sufficiently ambitious to meet the Paris Agreement. a.s.r. intends to commit to SBTi in 2024 to have the recalibrated emission reduction targets validated.

Windfarm of a.s.r.

3.4 Contributing to sector initiatives

a.s.r. believes it is important to cooperate with other parties in the fight against climate change, and to actively propagate that to inspire others to also contribute to sustainability. We do this by committing to climate agreements, forming alliances and communicating transparently about our goals and results.

Working together helps us take action and come up with smart solutions to mitigate the effects and risks of climate change. a.s.r. is convinced that such collaborations are indispensable to build a strong and sustainable future for everyone.

a.s.r. is a signatory to the Paris Climate Agreement and pledges to work for a safe and stable climate, limiting average global warming to well below 2 degrees and preferably below 1.5 degrees Celsius.

a.s.r. is a signatory to the Dutch Climate Agreement and commits to a 49% reduction in CO_2 emissions between 1990 and 2030.

a.s.r. is a signatory to the Spitsbergen ambition and aims to measure the climate impact of its investments and contribute to global climate goals.

a.s.r. is a signatory to the Net-Zero Asset Manager Initiative and has set itself the goal of measuring the climate impact of its investments and becoming climate-neutral by 2050.

a.s.r. is a signatory to the Paris Proof Commitment of the Dutch Green Building Council and has set itself the goal of achieving a Paris Proof built environment by 2045.

a.s.r. is a signatory to the Net-Zero Insurance Alliance of insurers and reinsurers who want to reduce the CO_2 emissions of their insurance portfolios to net-zero by 2050.

a.s.r. is a signatory to the Finance for Biodiversity Pledge with the aim of protecting and restoring biodiversity within the investment portfolio.

Partnerships

a.s.r. is involved in several leading initiatives in the sector to accelerate the transition to a climate-neutral society and encourage cooperation between different parties. In this way, we share our climate knowledge as an insurer and investor whilst trying to make the sector as a whole more sustainable.

- a.s.r. participates in the Climate Action 100+ initiative, in which investors encourage companies with the highest greenhouse gas emissions to take measures needed to combat climate change.
- a.s.r. participates in the Institutional Investors Group in Climate Change (IIGCC), in which investors cooperate and share knowledge to reduce the climate impact of the companies in which they invest.
- a.s.r. is part of the Dutch Climate Coalition (DCC), a group of like-minded Dutch investors that encourage companies in the oil and gas value chain to bring their ambitions and climate strategy in line with the goals of the Paris Agreement.
- a.s.r. participates in the Partnership for Carbon Accounting Financials (PCAF) which examines suitable methods for mapping and reporting CO_2 emissions from investments.
- In the Netherlands, a.s.r. works actively with the Dutch Association of Insurers on climate targets. We participate in several platforms working on insurance solutions in the field of climate change and adaptation.
- a.s.r. participates in working groups of the Platform for Sustainable Finance of the Dutch Central Bank. The platform examines, for example, how investments and forms of insurance can best contribute to biodiversity conservation, climate adaptation and boosting the circular economy. In 2023, the Climate Adaptation working group issued the report 'Klimaatadaptatie in een stroomversnelling: financiële sector en overheid samen aan de slag'
(Climate adaptation gaining momentum: financial sector and government working together). The working group consists of representatives from the government, banks, pension funds and insurers, including a.s.r.
- a.s.r. contributed to the climate thematic framework as part of the IMVO covenant international socially responsible investment in the insurance sector. This thematic framework serves as a guide for insurers to report more transparently on climate-related issues.
- a.s.r. is a member of Energy Efficient Mortgages Hub Netherlands (EEM Hub NL), an initiative of players in the Dutch mortgage market working together towards an unambiguous interpretation of European guidelines for green mortgages. In doing so, they aim to accelerate the sustainability of Dutch homes.
- a.s.r. is working in an alliance with the Dutch Green Building Council (DGBC) on the Framework for Climate Adaptive Buildings, a methodology for identifying the risks of climate impacts on buildings.
- Since 2022, a.s.r. has been a member of Greenleave, an alliance of organisations that work sustainably in the funeral industry and want to make sustainable funerals standard practice and accessible.

- a.s.r. is a member of the Green Deal Sustainable Care 3.0, which runs from 2023 to 2026. It focuses on the contribution the healthcare sector can make to raising awareness and knowledge, reducing CO_2 emissions and the environmental impact from medication use, lowering primary resource use and boosting the circular economy.[8]
- a.s.r. is part of the Coalition Anders Reizen (Different kind of travel coalition), which aims to halve CO_2 emissions from business travel by 2030 (compared to 2016).

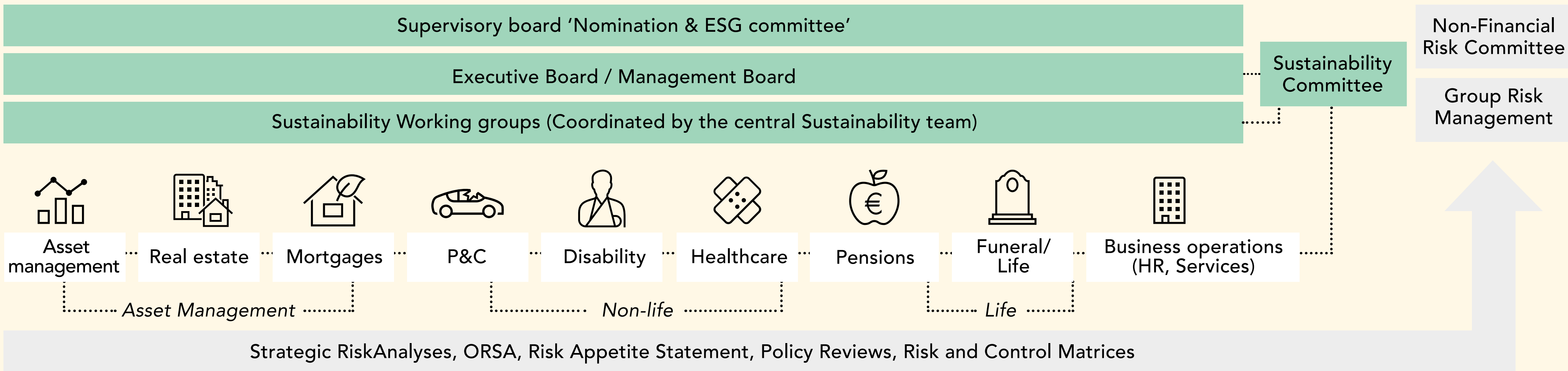
3.5 Governance on sustainability

a.s.r. wants to embed climate and biodiversity as key themes within sustainability in all key processes and activities. The CEO is responsible for sustainability within the Management Board (MB). The MB is ultimately responsible for corporate strategy.

An ESG (Environmental, Social, Governance) committee has been established within the Supervisory Board. This is called the Nomination and ESG Committee. This committee advises and supports the Supervisory Board in monitoring ESG developments and results of the sustainability strategy.

The responsibility for implementing sustainability policies, including climate policy and future biodiversity policy, lies with the business units. Their relevant management teams are responsible for implementing the decentralised business strategy, in which they can be supported by a decentralised ESG or Sustainability team or decentralised Sustainability officer. The Sustainability Workforce monitors (internal and external) developments and the implementation of policy and strategy. The Sustainability Workforce includes representatives from the various business units. The Sustainability Workforce reports to the MB on progress on sustainability targets and KPIs every quarter. The central Sustainability Team coordinates this and sets up project groups on those themes that require a joint, cross-business unit approach.

In addition, since 2022, a.s.r. has had a Sustainability Committee, which focuses on dilemmas and conflicting interests in sustainability and ethics, and advises the MB in this context.



3.6 a.s.r. and Aegon Nederland

In July 2023, Aegon NL became part of a.s.r. The climate and biodiversity policy, strategy and approach that characterise a.s.r. will remain central to the new organisation. Aegon NL's climate targets and climate commitments are largely in line with those of a.s.r. and will be further integrated in 2024. Aegon NL's figures are not part of this report at present (except for the scenario analysis in section 4.2). The shared commitment to a greener future represents a joint step towards a sustainable approach within the Dutch insurance industry, with climate and biodiversity featuring high on the agenda.

Oldelft, building of the Science Park Fund at TU Delft

4. How we approach climate risks

Climate change affects not only our customers and society, but also a.s.r. For example, when storms or floods occur, the cost of claims insured with us increases. Climate change can also have a negative impact on the value of our investments and properties.

In order to better understand and manage these risks, climate has been part of the risk analyses that a.s.r. has carried out each year since 2019. In 2022, the risk management framework was broadened to include sustainability risks. This involves looking beyond climate change: a sustainability risk is an ESG (Environmental, Social, Governance) event or circumstance that, if it occurs, has the potential to negatively impact the value of liabilities and investments. Biodiversity loss and damage to ecosystems are also part of these risk analyses. Material risks are included in risk scenarios and calculated as part of the Own Risk and Solvency Assessment (ORSA) and the Solvency Capital Requirement (SCR). Sustainability risks are dealt with in the same way as market or underwriting risks.

Agricultural land in Kockengen of a.s.r.

4.1 Types of risks: physical risks and transition risks

For a.s.r., climate change constitutes a risk both to our liabilities - the benefits we pay out - and to our assets - the value of our investments. These risks can be divided into physical risks and transition risks.

Physical risks

Physical risks are linked to the consequences of changing weather conditions. These include damage to homes, business premises, cars and other means of transport. Climate change may also lead to more diseases and as a result a greater demand for care. These physical risks can result from sudden events (acute change), such as storms, floods, droughts or other extreme weather. They can also result from gradual changes (chronic change), such as rising temperatures, sea level rise and biodiversity loss.

Transition risks

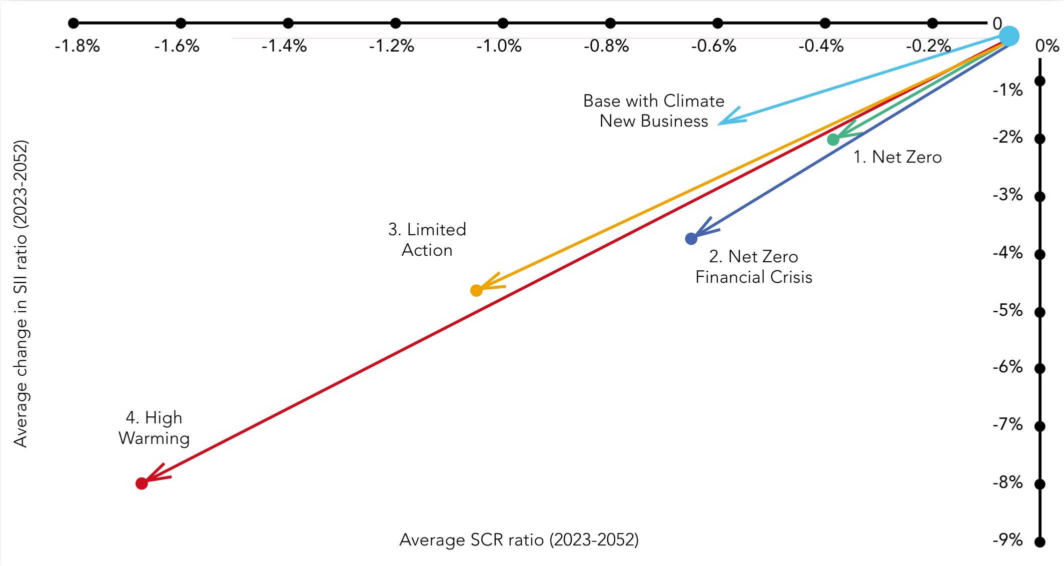
Transition risks relate to the transition to a climate-neutral society.
These risks may be increased by new government policies (with stricter standards), technological innovations or changes in the market and consumer preferences. For instance, higher energy taxes or increases in energy prices may affect the value of homes with low energy labels. The transition to a climate-neutral society can also lead to stranded assets: assets owned by people and companies, but that can no longer be put to good use or turn out to be worth much less than anticipated. One example are office buildings with energy label D or lower, which often are no longer permitted to be rented out from 1 January 2023.

Another example are the large reserves of fossil fuels, whose future profitability is increasingly questionable, especially as governments continue to introduce stricter regulations to limit greenhouse gas emissions.

4.2 Climate scenarios

How large the climate risks are for a.s.r. depends on two things: how many degrees the temperature will rise and what measures are taken. In analysing the future impact of climate change on the value of the investment portfolio, we use four scenarios.

1. The orderly scenario assumes timely and effective climate policies that succeed in halting global warming. Investments in clean energy sources contribute to economic growth in this scenario. The climate risks remain limited.
2. In the disorderly scenario, measures are first postponed and then quickly introduced. This leads to more transition risks and higher costs.
3. The limited-measures scenario has a greater impact than the disorderly scenario. Within this scenario, action will be taken, but not enough to put a stop to global warming.
4. In a failing or greenhouse scenario, no or insufficient action is taken to combat global warming. This could lead to a sharp increase in physical climate risks, damage to ecosystems and overall disruption of the economy.



These four climate scenarios are based on the scientific projections of the United Nations climate panel IPCC and the effects they have on the economy, according to Cambridge Econometrics and Ortec Finance.

The European Solvency II directive requires a.s.r. to assess all the risks it may be exposed to as an insurer. Based on this calculation, a.s.r. must maintain a buffer to absorb risks. The buffer is called the Solvency Capital Requirement (SCR). The 2023 climate scenarios also include Aegon NL. An expected impact of climate change on liabilities has also been included for claims and basic care.

The above chart shows that the average return on capital required for SCR falls under the impact of climate change in all scenarios. In the failing scenario, this decline is steepest.

Also in the disorderly scenario, abrupt sales of stranded assets are expected, which will result in a financial crisis. Also in this scenario, the SCR ratio and yield fall, but less than in the case of a failed transition.

Based on the risk analyses and scenarios, we expect a limited impact on a.s.r.'s solvency, partly because our investment portfolio contains predominantly European countries and companies, and we also have a sustainable and dynamic investment policy in place. This way, we avoid investing in countries, markets and companies that are expected to be hit harder by climate change, and we are able to better respond to market changes due to climate change.

4.3 Managing risks

Within a.s.r.'s various business units, we identify the risks of climate change so that we can implement control measures against these risks.

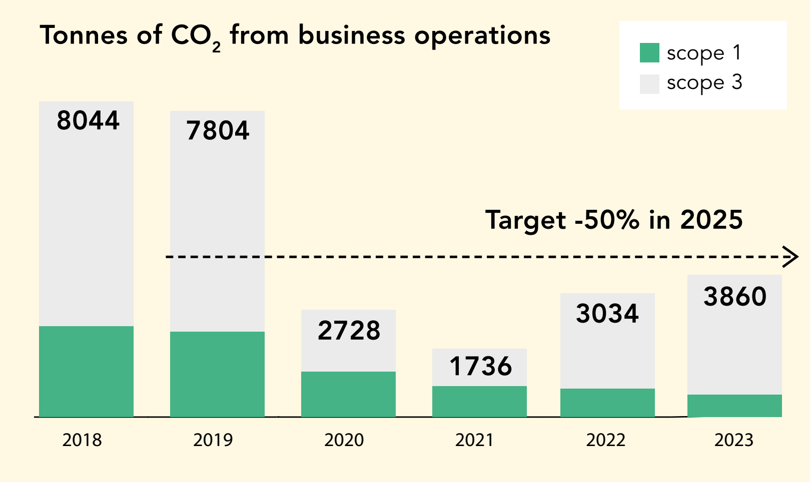
- To reduce the risks of climate change within our property portfolio, we examine where these risks are greatest. To map climate risks for each building, we use a new standard developed by the Dutch Green Building Council (DGBC): the Framework for Climate Adaptive Buildings. This framework helps to identify material physical climate risks of existing buildings and how best to reduce and/or control them. In 2022, based on the Climate Risk Real Estate Monitor, we identified the expected climate impacts on the environment of the buildings in our portfolio. In 2023, we extended this by determining the vulnerability of the buildings themselves. Based on this, we will determine in 2024 what measures are needed to minimise climate risks. We use the results of this analysis in decisions on purchases, sales and maintenance of our property portfolio. In our urban property portfolio (excluding rural), 1.9% of buildings have an increased risk of flooding and 0.5% have an increased risk of heat stress.
- Within our investment portfolio, we are committed to accelerating the energy transition. We do this by conducting a dialogue on companies' climate policies, by excluding the biggest (fossil) polluters and investing in companies and projects that promote the energy transition. Our investments in fossil fuels are limited, and will be further reduced in the coming years (see chapter 5).
- The impact of climate change on insurance is considerable. This became evident, for example, when three storms with heavy rainfall swept across the country within a week in 2022. These caused extensive damage to buildings and vehicles.
- Much of this damage was insured and therefore impacted our cost of claims. The three storms in 2022 led to cost of claims to the amount of 38 million euro for a.s.r. Torrential rains, floods, heat and fires due to extreme drought following climate change will occur more frequently and thus have an increasing impact on our insurance portfolio. To manage these risks, we analyse short- and medium-term risks for our insurance products using the Climate Damage Monitor. We also calculate our long-term climate risks using advanced weather models from reinsurance brokers such as Guy Carpenter and Gallagher Re. We also take measures to mitigate a.s.r.'s risks, by concluding short-term contracts, reinsuring the largest risks and adjusting our acceptance and claims policy. Furthermore, our insurance products contain incentives for risk mitigation. For example, customers with a motorhome or caravan with a hail-resistant roof will pay a lower premium. This way, we seek to keep climate risks insurable.
- A team of experts within a.s.r. monitors the development of (new) pathologies due to climate change. The main sources of information are reports from the RIVM. The financial risks from increased absenteeism and higher mortality due to climate change seem limited over the next decade.[9]

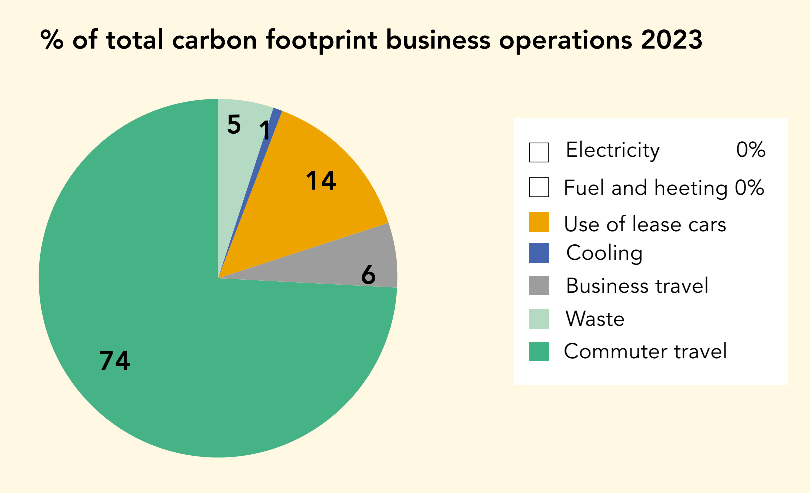
5. Our action plans

a.s.r. aims for climate-neutral business operations and wants to gradually reduce the carbon footprint of its activities. In doing so, we distinguish between two types of emissions: direct and indirect. Direct emissions are emissions from the organisation itself, for example from heating the office building or using leased cars. This is called scope 1. Indirect emissions refer to the CO_2 released from the generation of electricity we purchase. This falls under scope 2. At a.s.r., it is net zero because all electricity purchased is offset by wind power. Finally, there are the indirect emissions caused by activities of other parties in the chain, such as emissions released during the maintenance of our real estate, as well as emissions from our suppliers, repairers and customers. This belongs to scope 3. Commuting also falls into this category.

Within the Partnership for Carbon Accounting Financials (PCAF), methods have been developed to measure the CO_2 emissions of investments and insurance policies. And especially for real estate, the Carbon Risk Real Estate Monitor (CRREM) is on a track to scale down CO_2 emissions from buildings over the next few years in line with the Paris Agreement. We currently have insight into the CO_2 emissions for 98% of our investments, mortgages and our real estate and for 83% of our P&C insurance portfolio.

With our investment portfolio[10] for a.s.r.'s own account, we aim to be climate neutral by 2050 at the latest and the target is a 65% CO_2 reduction by 2030 compared to 2015.[11] Between 2015 and 2023, emissions from investments fell from 142 tonnes of CO_2 per million euros of invested assets to 47 tonnes of CO_2 per million euros of invested assets, a decrease of almost 70%. Having now met our 2030 target, we will revise it in 2024.

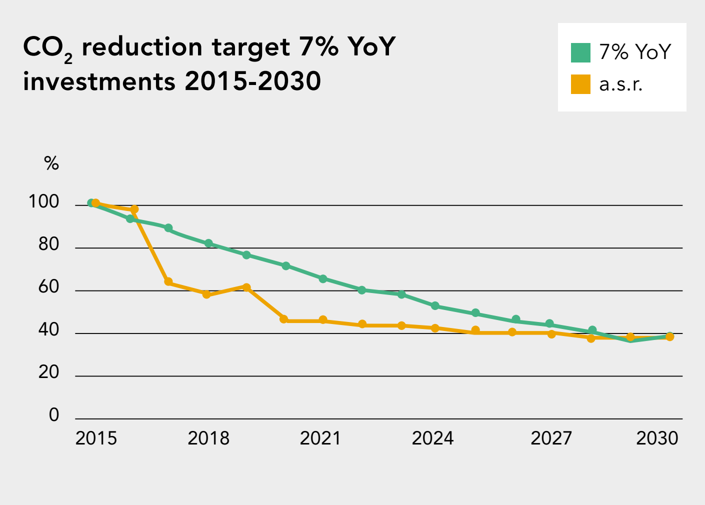


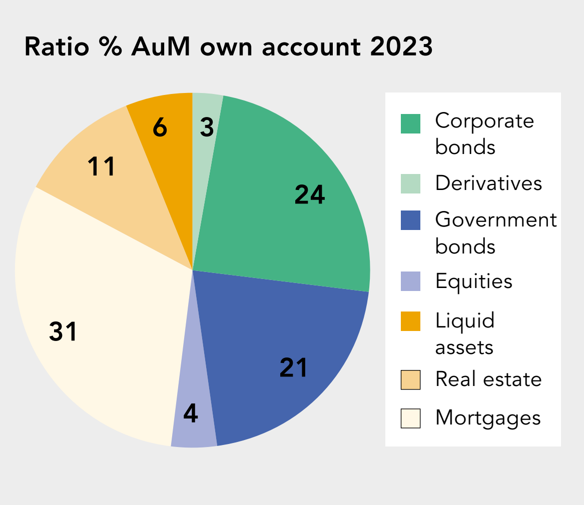


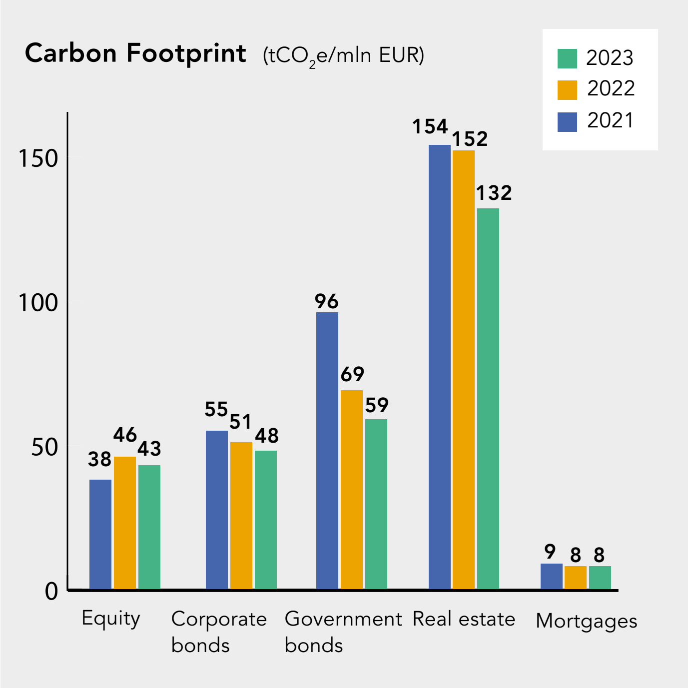
a.s.r. also aims to reduce CO_2 emissions in its insurance portfolio. In 2023, insurance-related emissions were measured using PCAF calculation methods and interim targets were set for 2030: a total 26% reduction in emissions from commercial insurance products and passenger car insurance products compared to the 2022 base year.

Besides the efforts on our insurance policies and property and investment portfolios, we also want to reduce the carbon footprint of our own business operations. Our target is a 50% reduction by 2025 compared to 2018. In 2023, 94.5% of emissions were caused by mobility, such as commuting, leased cars and business travel. In 2023, the carbon footprint was 52% lower than in 2018. This was partly due to fewer travel movements, a trend that continued even after the corona measures. Annex 1 shows the development of the CO_2 reduction of our own business operations in more detail.

Below we provide an overview of the tools we use in our investments, real estate, mortgages, insurance products and in our own business operations to achieve our goals. From 2024, our action plans also apply to Aegon NL's operations and investments.







5.1 Asset management

a.s.r. asset management screens all its investments on the basis of a.s.r.'s sustainable investment policy, also known as the Socially Responsible Investment (SRI) policy. This involves screening companies on ESG (Environmental, Social, Governance) criteria. Companies that do not meet certain criteria are excluded, while a.s.r. wants to invest more in companies that make a positive contribution to a sustainable society. This is what we call 'best in class' investing. a.s.r. takes into consideration risks and opportunities for climate in this investment approach. In doing so, we use four instruments:

- Positive screening: a.s.r. prefers companies that consider climate risks in their strategy and take action to reduce the carbon footprint of their operations.
- Engagement: a.s.r. believes in a constructively critical dialogue with companies to increase awareness relating to climate change. As a shareholder, a.s.r. also exercises its voting rights to influence decisions that may affect climate change.
- Exclusion: if companies cause systematic or serious pollution and a dialogue does not lead to adequate improvement, a.s.r. may exclude a company from its investment portfolio. For example a.s.r. does not invest in companies whose revenue comes from coal mining, or for more than 5% from unconventional sources of oil and gas (such as shale oil or gas, tar sands or oil from the Arctic region).
- Impact investments: a.s.r. finances companies, organisations, funds and projects that - in combination with a financial return - have the primary objective of promoting the energy transition and restoring nature.

To be transparent about our sustainable investments, we report on our approach in accordance with EU guidelines such as the Sustainable Finance Disclosure Regulation (SFDR) and related frameworks such as the EU Taxonomy. We also share this information with our pension customers. This is how we show employers and employees how much CO_2 their pension investments save.

Illustration: Example of a CO_2 saving from an individual employee's pension investments

Towards a climate-neutral investment portfolio in 2050, we are following a phase-out plan for fossil fuel investments. This proceeds in three stages:

- Phase 1 (end of 2021): Investments in thermal coal and unconventional oil and gas products (such as shale gas, oil and gas from the Arctic region and tar sands) have been sold and included in the list of exclusions. Because a.s.r. has applied strict criteria since 2015, the size of these investments was relatively limited.
- Phase 2 (2022-2024): We periodically assess whether the targets of the oil and gas producers we work with are in line with the transition path of the Paris Agreement. We also engage with them on this. If the strategies of these companies are not sufficiently in line with the Paris Agreement by 2024, we will sell our stake in these companies. We conduct a dialogue with these companies together with other Dutch asset managers in order to achieve more positive impact and the progress on this is published in our quarterly reports.
- Phase 3 (as from 2023): Until the end of 2027, we will engage with the most CO_2-intensive companies in our portfolio on reducing their CO_2 emissions. This mainly involves companies in greenhouse gas-intensive sectors, such as mining, transport and utility companies. We believe that these companies play a crucial role in combating climate change. In the coming years, we will increasingly focus on the best-performing companies and frontrunners that make a positive contribution to the necessary transition to a climate-neutral economy.
  A detailed rationale for our roadmap to net zero emissions, can be found in the climate strategy of a.s.r. asset management.

Engagement with oil and gas companies

As part of our fossil strategy, we also held a large number of engagement discussions with oil and gas companies in our portfolio in 2023. We are having these conversations individually as a.s.r. or together with other investors united in the Dutch Climate Coalition (DCC). Experiences with these talks vary. For instance, US companies tend to be somewhat less receptive to our invitations to dialogue than European companies. Topics discussed over the past year relate to the tightening of CO_2 emission reduction targets, the role of hydrogen in the energy transition and projects in the Arctic Sea.

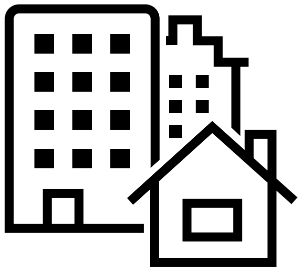
While there is an observable trend internationally for oil and gas companies to move more towards fossil fuels and less towards sustainable alternatives again, we also see oil and gas producers remaining committed to sustainable goals. We continue to critically monitor how these companies operate within our portfolios and whether the transition plans and targets are in line with the Paris Agreement. We will take stock at the end of 2024. From 2025, only oil and gas companies operating in line with the Paris targets can be part of our investment portfolio (own account and customers), all other companies will be excluded.

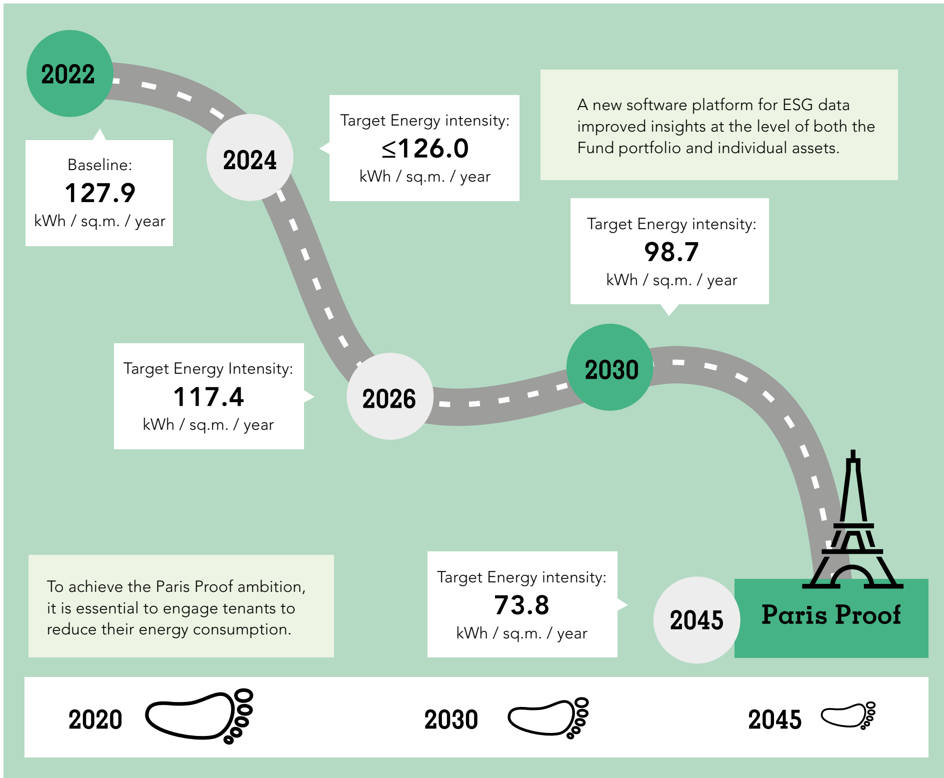
5.2 Real estate

Worldwide, real estate accounts for about 27% of total CO_2 emissions and 30% of energy consumption.[12] a.s.r. real estate wants to make a significant contribution to making the Dutch real estate market more sustainable. We are constantly working to make homes, offices, shops and agricultural land more sustainable. Our aim is to have a positive impact on nature, society and climate by reducing CO_2 emissions, adapting our portfolio to climate change and improving biodiversity and ecosystems. Here, the focus is both on sustainable acquisitions and making existing buildings more sustainable. We do this, for example, with energy-saving measures, by making buildings more resilient to extreme weather conditions and installing green roofs and facades. For our agricultural land portfolio, we work with the agricultural sector on sustainable soil management. For example, we offer a discount on rent for farmers who meet certain sustainability requirements (see chapter 6).

To contribute to the energy transition and a sustainable living environment, a.s.r. real estate invests in wind and solar farms on behalf of a.s.r. a.s.r. now owns four wind farms and one solar farm. Together, these five farms generate an amount of power comparable to the annual consumption of 218,000 households. All farms owned by a.s.r. comply with strict rules set out in the integrated environmental permit to limit nuisance to the surrounding area. Nuisance is also limited by shutting down wind turbines at set times to reduce bat and bird casualties and cast shadow nuisance for local residents.

Furthermore, a.s.r. contributes (financially) to local sustainability projects. Besides the positive effects of such projects, this increases the acceptance of wind farms by local residents.





5.3 Mortgages

To reduce the carbon footprint of homes, we want to make it possible for all our mortgage customers to live in an energy-efficient home. This applies not only to customers who already live energy-efficiently, but especially to customers whose homes have a lower energy label. We explicitly want to be not just a mortgage lender for people with an energy-efficient home, but rather a mortgage lender that helps customers to become more sustainable. As a.s.r., we help customers by lowering thresholds to home sustainability. We do this in the following three steps.

The emphasis on making homes more sustainable is paying off. In 2023, 30% of new mortgages taken out with a.s.r. included financing for sustainability.[13] According to research by a.s.r. in collaboration with Calcasa, the homes that were made more sustainable went up an average of 1.5 energy label points due to the measures financed.

Step 1: Providing information

Making homes more sustainable starts with informing residents about the possibilities. Our Sustainable accommodation platform features blogs, roadmaps and several videos on energy saving, sustainable living and sustainable gardening. Customers can also subscribe to a monthly newsletter with tips and examples relating to sustainable living. With its Sustainable accommodation platform, a.s.r. won the Adfiz Performance Survey in 2023 in the Sustainable Development category.

Step 2: Financing

In addition to using their own money to make their homes more sustainable, mortgage customers of a.s.r. can use the Sustainability Mortgage. This allows homeowners who want to take out a mortgage with a.s.r. to borrow extra money cheaply for energy-saving measures, such as a heat pump, solar panels or insulation. Existing customers have the option to apply for a Sustainability Mortgage of up to nine thousand euros at a lower cost without advice (execution only). In doing so, we lower the threshold for making homes more sustainable.

Step 3: Realisation

To make homes more sustainable, a.s.r. is working together with De Energiebespaarders, an online platform for people who want to make their homes more sustainable. The advice and service provided by De Energiebespaarders is free for both new and existing customers with an a.s.r. mortgage. The advice includes a comprehensive home savings check at your home, advice on energy-saving measures, quotes for the possible solutions and help with the installation.

5.4 Insurance

Insurance can be a powerful tool to encourage the reduction of CO_2 emissions and the prevention and mitigation of climate risks. Some examples of how a.s.r. is shaping this within its insurance portfolio are as follows:

- We let the range of insurance products with sustainable coverage elements grow along with the sustainability demand from society. By insuring solar panels, charging stations, green roofs, tiny houses and sustainable methods of building, among other things, we encourage the use of these sustainability measures.
- Before introducing a new insurance product, we consider the extent to which the product makes a positive contribution in terms of sustainability, including climate and energy transition, and whether there is no unwanted impact on these issues. We do this through the so-called Product Oversight and Governance (POG) process.
- We are examining whether risks that are difficult to insure but contribute to climate mitigation and adaptation can still be insured. In 2023, we added new risk areas for which we provide insurance solutions, including for resomation companies and operators of multiple solar farms. On the other hand, we are critical of items that are easy to insure, but pose a sustainability risk.
- Producers of thermal coal and unconventional oil and gas products (such as shale gas, tar sands and oil from the Arctic region) are excluded from our insurance policies. Other companies that produce, process, distribute or make electricity from oil, gas or coal must have a transition plan to bring greenhouse gas emissions in line with the Paris Agreement.
- Sustainability is also taken into account in pricing: for insuring electric cars and boats with an electric internal electric inboard engine, we apply an attractive rate that encourages the switch to these electric variants.
- We have launched the digital Sustainable Accommodation platform. Through that platform, we work with various partners to encourage (potential) customers to make their homes more sustainable and save energy. We create podcasts and blogs together, post videos and answer questions on topics such as insulation, solar panels and making the garden more sustainable. Via the Sustainable Mobility platform we provide tips on eco-friendly transport with the lowest possible CO_2 emissions. And on the Sustainable Business platform we share tips on how business customers can make their business operations more sustainable, for example by using less energy or generating or buying their own sustainable energy.
- In collaboration with the CareCycle foundation and five pharmacy care groups, a pilot is running in relation to collecting unused incontinence products. Both the manufacture and destruction of absorbent incontinence products release large amounts of CO_2. People insured with a.s.r. can - through their own trusted pharmacy - order these unused products. In addition, from 2024, pharmacies will receive compensation if they meet certain sustainability requirements, such as sustainable delivery and reducing medicine waste.

Reducing emissions within the P&C portfolio

a.s.r. aims to achieve a climate-neutral insurance portfolio by 2050. In 2023, a.s.r. formulated interim targets for its P&C portfolio in 2030.

Setting interim targets was done in two steps.

Step 1: Conducting baseline measurement

To set interim targets, it is essential to measure the emissions associated with our insurance policies. Using the calculation methods of the Partnership for Carbon Accounting Financials (PCAF) as included in the PCAF standard - part c insurance associated emissions-, we measured emissions for a material part of our insurance portfolio for the base year 2022, this concerns the commercial insurance portfolio (excluding the Construction All Risk (CAR) insurance) and the private passenger car portfolio (see Figure 1).[14] In calculating our insurance-related emissions, we relied on existing data, such as average emission factors by sector. If these data change, for example because we get access to more or better data, this may affect our calculations which could lead to a change in our insurance-related emissions.

We also calculated the gross booked premium of climate solutions in 2022 (see Figure 2). Climate solutions are insurance products and services that contribute to the fight against climate change, such as insurance that encourages the use of low- or zero-emission forms of transport, sustainable claims handling with reduced emissions, and insurance for energy-saving technologies.

Step 2: Setting interim targets

After performing the baseline measurement, the 2030 targets were set. These targets include reducing CO_2 emissions from the P&C portfolio, supporting customers in achieving net zero, and developing and offering insurance solutions that promote the energy transition. In setting these targets, we used existing data, for example from the Dutch government's climate plan regarding the transition to an emission-neutral society. If these data change, for example because the social transition takes place in a different way or at a different speed, this may affect (the achievement of) our objectives and we may be forced to adjust our goals.

Emission reduction target

We have set emission reduction targets for both our material business portfolio and our private passenger car portfolio. **Within these insurance portfolios combined, we aim to reduce insurance-related CO_2 emissions by 26% by 2030 compared to 2022**.

Annually, we give specific attention to two business sectors in which we already offer insurance policies to further reduce insurance-related emissions in these sectors with additional measures. We are also exploring whether new risks, which have a positive impact on sustainability but are normally difficult to insure, can still be included in our risk appetite.
Result 2023: 0.1% reduction

Engagement target

Between 2022 and 2030, we aim to support 350,000 business and private customers in efforts to reduce their CO_2 emissions. We do this by providing information and advice to our customers. We are continuing our collaboration with the Klimaatroute agency. This agency carries out energy scans on business customers at reduced rates and prepares a report on possible actions to reduce CO_2 emissions. The agency also offers a year of guidance at the customer's request, for example in applying for quotes, permits and subsidies.
Result 2023: 4,122 customers

Climate solutions target

We strive for 21% growth in gross written premium related to climate solutions in 2030 compared to 2022. To this end, we are constantly expanding our range of climate solutions.
Result 2023: 5.5% growth

Figure 1: Insurance-related emissions in base year 2022 (tonnes) [15]

Commercial (except CAR)
Private Passenger Car

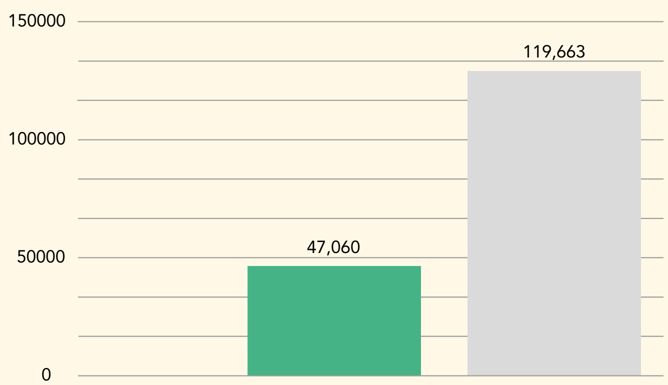
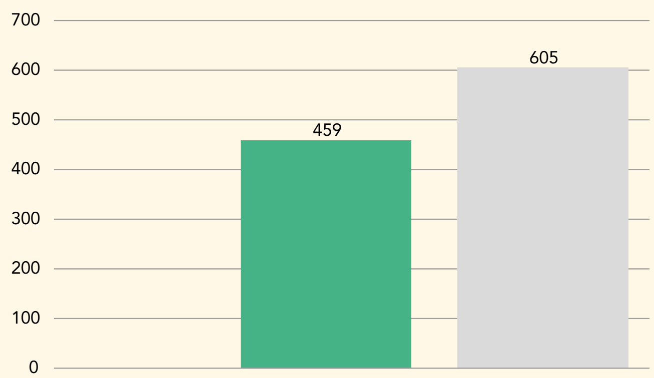
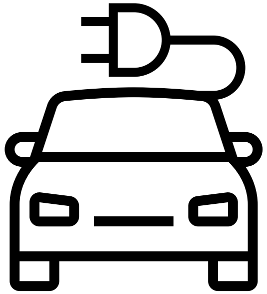


Figure 2: Premium related to climate solutions in base year 2022 (mln) [16]

Commercial
Personal motor





Sustainability desk
Solar farms, charging stations and solar energy batteries: the energy transition in the Netherlands is in full swing and sustainable solutions are following each other in quick succession. But how do you insure new solutions when no empirical figures, quality marks or safety requirements are yet available? In 2022, a.s.r. established the sustainability desk. Here, advisors can ask questions about insuring new sustainable initiatives. The sustainability desk consists of a.s.r. non-life staff. As sustainability ambassadors, they handle a variety of requests ranging from the development of a floating solar park to the realisation of a fully circular business building. They assess risks per request, investigate insurance options and gain better insight to make new risks involving sustainable projects insurable in a responsible way together with our advisors and customers. This has a positive impact on the environment and contributes to a.s.r.'s target of reducing the carbon footprint of our insurance products to net zero by 2050.

a.s.r. takes a next step in sustainable damage repair
Sustainable repair is a spearhead for a.s.r. P&C. In early 2023, a.s.r. took a majority stake in damage repair business Soople. This will allow us to make even better and larger-scale efforts towards sustainable repair. Opting for repair instead of replacement creates significant climate gains, partly because repair requires fewer new materials and less transport. Repairing after damage is therefore always more sustainable than replacing. Our sustainable repair businesses also meet several additional sustainability criteria, such as reuse of materials, use of environmentally friendly resources and proper waste disposal.

Our aim is that by 2025, 50% of repairable fire damage and 85% of repairable vehicle damage will be repaired sustainably. In addition, the post-damage sustainability option offers the possibility of (further) making the house more sustainable upon repair up to a maximum of 10% of the amount of the claim. For example, extra insulation of the house after a fire on the roof.

5.5 Own business operations

a.s.r. aims to halve CO_2 emissions from its own business operations by 2025 compared to 2018. The head office of a.s.r., which covers 92% of a.s.r.'s total floor area, has been sustainably renovated and is now CO_2 neutral. The building has been off gas since 2019 and now runs entirely on green energy. a.s.r. was awarded an Actual Energy Intensity Indicator (WEii) certificate for its headquarters. With this, the head office's energy consumption meets the standards of the Paris Agreement. The building is also BREEAM In-Use certified (Building Research Establishment's Environmental Assessment Method). For this, the building's management and properties (construction, installations, fittings) were qualified as 'excellent'.

Mobility is the largest energy item within its own business operations and contributes most to a.s.r.'s carbon footprint. In order to reduce this, a.s.r. facilitates working from home, lease cars are contracted on the basis of electric propulsion and a.s.r. stimulates the use of (electric) bicycles and public transport. Where we have not yet sufficiently succeeded in reducing CO_2 emissions, we compensate this by planting trees. Planting projects we participate in comply with the Verified Carbon Standard (VCS) or the Climate, Community and Biodiversity Standards (CCB). In 2023, through Trees for All, a.s.r. planted 20,293 trees in Bolivia and Mexico, offsetting 3,859 tonnes of CO_2.

The car park as a source of energy

To reduce CO_2 emissions, a.s.r. built the world's largest bi-directional charging plaza on the parking deck at its Utrecht office building, equipped with more than 2,000 solar panels and 250 charging stations. One problem we faced was that the maximum contracted power return was sometimes exceeded on non-working days. Therefore, some panels had to be switched off. To solve that, we are exploring the possibility of storing energy by installing 3.3 MWh batteries. In addition, smart charging was realised at 250 charging stations this year. This delays the charging process until solar energy is released from its own generation. We are investigating whether this can also be done with the heating and cooling of the building, so that we can use the self-generated energy in a smarter way.

To further increase solar energy production, part of the visitor car park has been covered with solar panels, and additional charging stations have been installed. This will generate an additional 100,000 kWh, accounting for 500,000 solar kilometres. In addition, 1,300 new solar panels with higher efficiency than the old ones were installed on the roof of the a.s.r. office building. The new panels are expected to produce an additional 350,000 kWh of electricity.

6. a.s.r. and biodiversity

Biodiversity encompasses the vast variety of living organisms on Earth, including humans, animals, plants, and micro-organisms within ecosystems. Ecosystems, from small ponds to vast oceans, are communities of interacting living and non-living elements, allowing them to perform essential functions such as climate regulation, water purification and providing resources. Biodiverse ecosystems are essential for the well-being of our planet and therefore for our well-being; they are an essential foundation for life on earth.

The world's growing population and the related resource use cause a severe threat to biodiversity. Major causes of biodiversity loss are changes in land and water use, overexploitation, climate change, invasive species, and pollution.

6.1 The importance of biodiversity and ecosystems

The Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) released a report in 2019 warning that human encroachment, especially the displacement of nature, is the main cause of biodiversity loss. According to the report, 75% of land and 66% of sea habitats have been significantly altered by human activities. This indicates that around 1 million animal and plant species are now threatened with extinction in the coming decades, according to the IPBES. [17]

In response to these alarming findings, the Conference of the Parties to the Convention on Biological Diversity (COP15) adopted the Global Biodiversity Framework (GBF) in 2022. This agreement aims to halt biodiversity loss, restore ecosystems and protect the rights of indigenous people.
Specific plans include protecting 30% of the planet and 30% of degraded ecosystems by 2030. Currently, only 17% of land and 8% of marine habitats are protected. Other goals include halving food waste, eliminating or reforming subsidies that harm biodiversity, and increasing aid to developing countries to protect biodiversity.

Biodiversity goes beyond ecology; it plays a key role in food security, medicine development, climate regulation and various economic sectors. Research by the Dutch Central Bank shows that Dutch financial institutions have provided a total of EUR 510 billion in financing to companies with a significant dependency on biodiversity worldwide.[18] This underlines the importance of biodiversity.

Also for a.s.r. a disruption in biodiversity can affect claims and investment decisions. Therefore, it is important for a.s.r. to have a better understanding of our impact on and dependencies on biodiversity.

6.2 The Finance Biodiversity Pledge

In its commitment to a more sustainable future, a.s.r. signed the Finance Biodiversity Pledge in 2020. This initiative of leading European and US financial institutions, united in the Finance for Biodiversity Foundation, supports various actions to reverse nature loss in this decade as much as possible.

Together with this group of frontrunners, a.s.r. has made several commitments to support the biodiversity of our earth and to prevent nature loss. The joint efforts highlight the determination of a.s.r. and its partners to contribute to global biodiversity conservation and the achievement of sustainable goals. Besides mutual cooperation and knowledge sharing, this involves assessing the impact of investments on biodiversity, setting targets and reporting on them annually.

'Human well-being and the quality of life on the planet are inextricably linked to biodiversity. With the Finance for Biodiversity Pledge, a.s.r. wishes to support the initiative to prevent nature loss. We will work to ensure that our investments (in real estate) contribute to the restoration of biodiversity.'
Jos Baeten, CEO a.s.r. Nederland

To underline our commitment, we as a.s.r. are currently taking steps that include measuring impact, selecting appropriate metrics and setting targets and reporting on them annually.

6.3 The TNFD framework and the LEAP assessment

Many companies and financial institutions are unaware of the impact they have on biodiversity and ecosystems and how they depend on them. The lack of awareness and ignoring this relationship have harmful effects on humans and nature. For companies, it involves considerable risks and valuable opportunities are lost. Therefore, it is crucial to map the relationship between businesses and nature.

The Taskforce on Nature-Related Financial Disclosure (TNFD) provides a framework for companies and financial institutions to identify risks and opportunities related to biodiversity and ecosystems (hereinafter also summarised as 'nature'). This helps them to gain clear insight into the impact of different business activities on nature. The ultimate goal is to ensure that global cash flows contribute more strongly to nature restoration. The TNFD was created through a global collaboration between nature experts and financial experts, and developed based on scientific insights. It builds on a similar framework for climate, that of the Taskforce on Climate-Related Financial Disclosures (TCFD) mentioned earlier in this report.

One of the tools developed by the TNFD is the LEAP method for assessing the interaction of, e.g. businesses with nature. This method has also been used by a.s.r. The acronym LEAP stands for the four steps in this process.

1
L

Locate your interface with nature.

2
E

Evaluate your dependencies and impacts on nature.

3
A

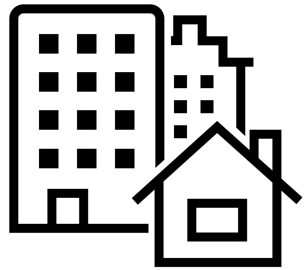
Assess your nature-related risks and opportunities.

4
P

Prepare to respond to, and report on, material nature-related issues, aligned with the TNFD's recommended disclosures.

To understand our impact and the risks and opportunities within our real estate, investments and insurance activities, three business units of a.s.r. carried out the first three steps of the LEAP assessment. The findings are described below. Based on these findings, we will set specific targets in 2024 and develop a strategy that will help restore and better protect nature, biodiversity and ecosystems.

6.3.1 Real estate



Locate

a.s.r. real estate interacts with nature through the acquisition and ownership of real estate. About 17% of the agricultural land and 11% of the buildings managed by a.s.r. are located within one kilometre of a Natura 2000 site.

Evaluation of impacts

Within the agricultural land portfolio, negative impacts are mainly caused by changed land use, water use and, to a lesser extent, soil and water pollution and CO_2 emissions. Buildings have a negative impact on nature through CO_2 emissions and waste production. New construction sites and the construction of solar and wind farms may involve the loss of animal habitat. At the same time, there is an opportunity to make a positive impact. Farmers using a.s.r. agricultural land are encouraged by a.s.r. to manage the land sustainably. Construction projects can use 'bio-based' materials that store CO_2. Biodiversity around buildings can also be enhanced by providing nesting opportunities and planting a diversity of native vegetation.

Analysis of risks and opportunities

In addition to the impact on nature, a.s.r. real estate's activities also depend on the ecosystem services provided by nature. This results in various risks and opportunities. As with climate change, risks can be divided into physical risks and transition risks.

- **Physical risks** are related to the loss of biodiversity and disruption of ecosystems, resulting in a decline in ecosystem services on which economic activities depend. a.s.r.'s rural properties in particular depend on ecosystem services, such as groundwater and surface water, soil quality, crop pollination by insects and natural disease control. But urban real estate also uses ecosystem services, such as rainwater runoff and heat regulation by vegetation. Disruption can lead to lower crop yields, higher costs for maintenance and insurance, investments to cover risks and a decrease in property values.
- **Transition risks** are caused by changing legislation and regulations, technological developments or changes in investor sentiment or consumer preferences. Examples of legislation and regulations include the expansion of Natura 2000 sites with associated restrictions, nitrogen policy and stricter sustainability requirements for buildings. Within a.s.r.'s property portfolio, these may cause higher investment and financing costs, and a decrease in tenant demand for less-sustainable buildings.

Opportunities arise when activities are developed that contribute to nature restoration and the improved protection of biodiversity and ecosystems. At a.s.r. real estate, we take this into consideration in acquiring, renovating and managing urban real estate. We also invest in green roofs and steer towards adding more natural variety on, in and around buildings, contributing to the health and well-being of the people who live and/or work there. In 2024, we will examine where within our property portfolio there is the greatest potential for these initiatives.

Promoting biodiversity within rural properties

a.s.r. real estate also sees opportunities in rural agricultural real estate. With a portfolio of approximately 43,000 hectares, mainly agricultural land but also country estates, a.s.r. is the largest private landowner in the Netherlands after Vereniging Natuurmonumenten. One of our initiatives in this portfolio is to bring back and restore landscape elements. By 2024, at least 10 projects will be implemented where hedges, tree rows, groves, pools and wooded banks will be reintroduced into the landscape. This stimulates biodiversity and increases CO_2 uptake.

Farmers who lease agricultural land from a.s.r. are actively encouraged to manage the land sustainably, which has a positive effect on biodiversity. To make room for sustainability efforts, a.s.r. is reducing the rents of farmers with whom additional agreements have been made. In the first three years, they receive a discount of 10%, and in the following years 5% discount. This scheme provides farmers with security and financial scope to invest in sustainability. The pressure on the agricultural sector to become more sustainable has increased in recent years. Dick van den Oever, director of Rural Real Estate at a.s.r. real estate, says: "a.s.r. believes that all parties in the agricultural sector chain are jointly responsible for this transition and not just the farmers themselves. We see that improvements for sustainable business operations involve investments for farmers. Therefore, a.s.r. wants to support farmers in this by compensating them financially with discounts."

Agricultural land in Kockengen of a.s.r.

6.3.2 P&C Insurance

Locate

Of all businesses that have P&C insurance with a.s.r., almost 16.5% are located within one kilometre of a Natura 2000 site.

Evaluation of impacts

In three steps, we then further prioritised companies with a high (potential) impact on or dependence on nature loss in nearby Natura 2000 sites.

1. **Sector selection:** As a first step, companies were selected from the 10 sectors that, according to the Finance for Biodiversity Foundation, have the greatest potential impact on or are most dependent on nature loss.
2. **Pressure analysis:** Next, using the database from Encore, we investigated what ecosystem services the production processes of the selected companies impact or depend on.
3. **Natura 2000 linkage:** As a third step, based on research by Wageningen University & Research (WUR), we examined which Natura 2000 sites were located close to the selected companies providing ecosystem services.

Some 3% of the companies insured with a.s.r. meet the above criteria. This includes, for example, an insured construction company active in the field of infrastructure maintenance. As this involves the use of large quantities of (ground)water, the company could have a major impact on the water supply function of a nearby Natura 2000 site.

Analysis of risks and opportunities

A distinction is also made between physical and transition risks for the P&C insurance sector.

- **Physical** risks arise from damage caused by nature loss. For example, an arable farm that relies on dry land may face flooding if the water harvesting function of a nearby Natura 2000 site decreases. This can result in water damage to farm buildings or loss of revenue, as the land cannot be worked (temporarily) and production decreases. For a.s.r., this means a potential increase in cost of claims and/or loss of premium income.
- **Transition risks** occur, for example, when the government imposes measures on companies to better protect Natura 2000 sites because of (imminent) nature loss. An example is when the government makes groundwater use near natural areas more expensive or temporarily bans it during droughts. One possible consequence is that companies insured with a.s.r. will have to shut down, significantly modify or relocate their production processes. For a.s.r., this means a possible change in risks or loss of premium income.

To manage these risks, we are analysing medium-term risks related to nature loss for our insurance portfolio. We take measures to mitigate these risks, for instance by entering into short-term contracts, spreading customers across different business sectors, reinsuring the biggest risks and adjusting our underwriting policy.

At the same time, it offers a.s.r. an opportunity to market more widely insurance products that cover damage caused by nature loss or to develop new products for this purpose. To capitalise on these opportunities, we are constantly looking to expand our product range. For example, our fire insurance already includes cover for nature-promoting measures such as green roofs and nature-inclusive construction. Through our sustainability desk, we examine the risks of nature-based solutions and try to make them insurable. On our Sustainable Accommodation and Sustainable Business platforms, we inform customers how they can promote biodiversity, e.g. by planting a bee garden or a nature-friendly business site.

Kennis Natuurlijk!
ASN Bank and a.s.r. are involved in Kennis Natuurlijk! (knowledge naturally!), a project created in collaboration with the Naturalis Biodiversity Center. In Kennis Natuurlijk!, young researchers, together with experts from Naturalis, address the question of how to make our living environment nature-inclusive and climate-proof.

To give an example, one of the research questions focused on how small structures on the street such as fibre-optic boxes can be built in a more nature-inclusive way. The researchers drew up a list of advice for building in a way that is less harmful to nature and promotes biodiversity. For example, by installing a green roof, with insect hotels and birdhouses, or removing tiles in order to retain plants. This advice can also be applied to other small structures, such as barns.

The outcome of the various research questions can be found on the Kennis Natuurlijk! Platform. They are also shared via our Sustainable accommodation platform and through our social media channels, in order to reach a wide audience.

Illustrator Stijn van het Veer

6.3.3 Asset management

Locate

Through our investments, a.s.r. also has an impact on biodiversity. And conversely, many companies we invest in depend on biodiversity and the associated ecosystem services. As with a.s.r. real estate and our insurance business, we analyse the impact of our investments in and around areas of high biodiversity value.

Evaluation of impacts

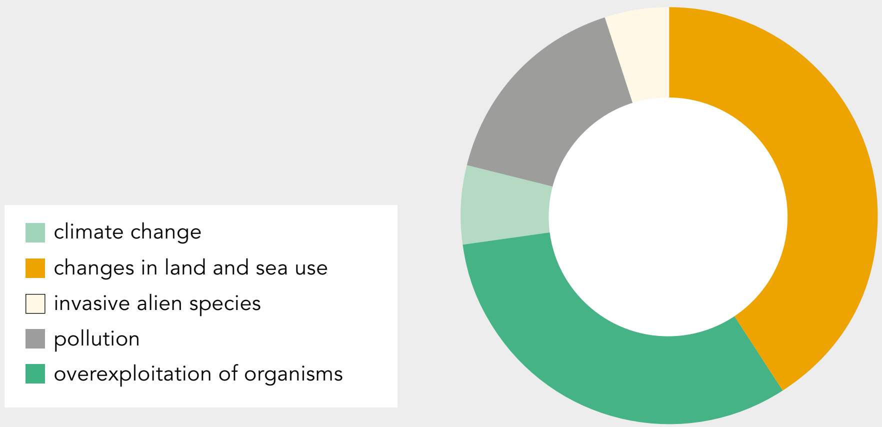
In 2023, the European Central Bank (ECB) published a report stating that 72% of eurozone companies and 75% of bank loans are exposed to the impact of nature loss.[19] For now, it is difficult to establish how many companies in a.s.r.'s investment portfolio have an impact on nature loss and are affected by it. This is due to the lack of consensus on appropriate measurement methods and the complexity of factors affecting nature loss. Moreover, we rely to a large extent on general data, e.g. at sector level, as specific information on individual companies is limited.

In order to be able to make an estimate, a.s.r. has calculated a 'biodiversity score' of companies based on available data on business processes in areas important for biodiversity and the impact on the main causes of biodiversity loss. Data from ESG data provider MSCI are used for this purpose. This score ranges from 0 to 10, with 10 being the score with the least negative impact. Over 60% of the companies in a.s.r.'s investment portfolio have a score of 7.5 or higher. For this analysis, we examined our listed equity and corporate bond portfolios because those two asset classes currently have the most data available.

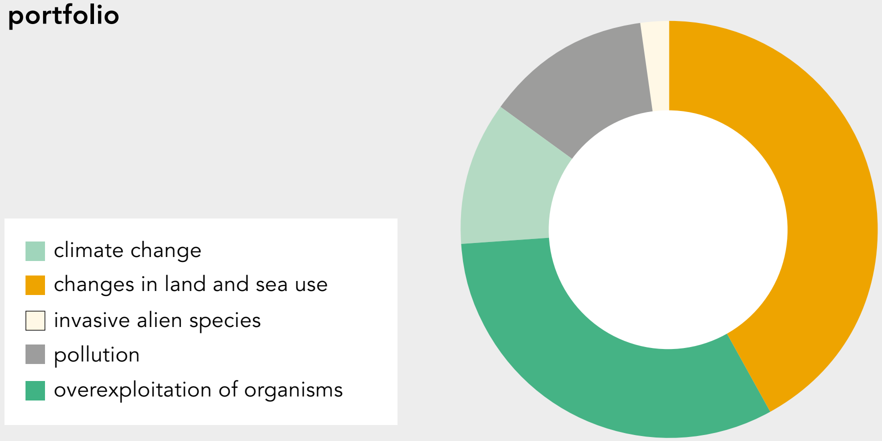
Estate De Utrecht of a.s.r.

We examined equity and corporate bond portfolios for the main causes of nature loss which are changes in land and sea use, overexploitation, climate change, pollution and invasive native species. The figure below shows that the main cause of nature loss in investment portfolios is related to changes in land and sea use. Examples include deforestation, commercial fishing and deep-sea mining. Changes in the use of land and sea are the main cause of nature loss across all business sectors in the a.s.r. portfolio. Next is overexploitation of animals and plants. These figures display the main causes of biodiversity loss, and do not address the impact of investment portfolios on biodiversity loss.

Main drivers for biodiversity loss in our equity portfolio



Main drivers for biodiversity loss in our corporate bond portfolio



Analysis of risks and opportunities

To measure dependence on nature, business sectors with both high and medium dependence were identified. Drinking water companies, agricultural companies and companies using forest products are particularly dependent on nature. Companies with medium dependence include oil and gas companies, electricity companies (including renewably generated electricity), the construction sector and breweries.

An analysis of a.s.r.'s equity portfolio and corporate bonds shows that for more than 80% of its invested assets, risks are considered low, while for 6%, risks are assessed as high. For the corporate bond portfolio, risks are low for 87% of the invested assets and high for 4%. The most important sector in a.s.r.'s investment portfolio with a high dependency is water supply. Drinking water companies rely heavily on ecosystems for water filtration. The main business group with average dependency is electricity companies. Most electricity companies generate power by using hydropower, which relies on rivers and their ecosystems.

The loss of biodiversity and ecosystem services can pose several risks. Besides physical and transition risks, a.s.r. asset management also focuses on the reputational risks involving investments.


Estate De Utrecht of a.s.r.

- **Physical risks** are related to production problems and higher costs in companies that rely heavily on ecosystem services. This can lead to lower financial results.
- **Transition risks** arise from new, stricter regulations, which can result in 'stranded assets' and lower returns.
- **Reputational risk** can come into play when damage to nature caused by a company generates negative (media) attention. This may not only negatively affect the business results, but also have an effect on a.s.r.'s reputation. It may cause customers to choose another insurer or asset manager.

To mitigate risks, a.s.r. uses a combination of top-down and bottom-up approaches. Risks are distributed by spreading investments across geographical areas and asset classes. Moreover, we use criteria related to biodiversity when screening and selecting companies in which to invest. For example, we consider sustainable agriculture and animal welfare policies, as well as a company's procedures and systems to assess and minimise its own impact on nature. As with climate, we use four tools in this context.

- **Positive screening:** preference is given to companies that include their impact on nature in their strategy, better manage their risks related to biodiversity, among other things, and score better on this than peers.
- **Engagement:** a.s.r. runs several engagement processes around themes related to biodiversity and nature loss. With food producers, for example, we discussed their role in the protein transition in 2023. At agri-food companies, we examine policies against deforestation. In 2023, a.s.r. asset management was among the first to join Nature Action 100+, a joint investor engagement programme targeting the 100 companies with the greatest negative impact on biodiversity globally. As a shareholder, a.s.r. exercises its voting rights. In 2023, we voted at several shareholder meetings to reduce plastic packaging and water use in companies' supply chains.

- **Exclusion:** Companies with serious controversies over biodiversity and nature loss, where a dialogue does not bring improvements, are excluded. An example of such a company is DuPont de Nemours.
- **Impact investments** a.s.r. invests in impact funds that contribute to strengthening or restoring biodiversity, such as the Convent Capital AgriFood Growth Fund, a fund that provides capital to innovative and sustainable European companies in the agri-food sector. Enhancing biodiversity is an important part of this fund's sustainability strategy. Two other funds with a positive impact on biodiversity that a.s.r. invests in are the Pymwymic Healthy Ecosystems Impact Fund and the PureTerra Water Technology Growth Fund.

6.4 a.s.r.'s commitment to nature conservation

In a world where biodiversity and ecosystems are crucial for the well-being of our planet, a.s.r. incorporates these values into its policies. Awareness of the inextricable connection between economic activities, climate and nature drives our efforts.

In 2024 and beyond, a.s.r. will continue to build on this foundation. Among other things, we will work to bring back landscape elements within our rural property portfolio, strengthen our positive screening and engage with companies on our biodiversity standards to challenge them in this respect. We will intensify our impact investments, actively contributing to nature restoration. As we have committed to the Finance for Biodiversity Pledge, we set targets in 2024.

7. Our contribution to the future

Climate change and the degradation of nature can lead to risks, which is why we are taking action. At a.s.r., we want to contribute to this by developing new products and services that support the transition to clean energy, and by helping customers adapt to climate change. But also by working together with partners to make our living environment nature-inclusive and climate-proof. We also invest in nature restoration, sustainable energy generation and energy-neutral or low-energy buildings. We are constantly making our property portfolio more environmentally friendly, applying strict criteria within our investment portfolio in line with our sustainability ambitions. We are also reducing our own emissions, have adapted our insurance products to cover renewable energy sources and energy-saving measures, and aim to include as many incentives for climate-adaptive measures as possible in the (further) development of our insurance products. In this way, we contribute to the transition to a climate-neutral and nature-inclusive society through our investments, insurance products and business operations.

Making shop premises and homes Koningsplein in Amsterdam more sustainable

Annex 1

CO_2 emissions of investments

					2023		2022		2021	2015
	AUM (in million euro)	Calculated (in million euro)	Calculated (in %)	Reduction in %	tCO_2 / € 1 million	Reduction in %	tCO_2 / € 1 million	Reduction in %	tCO_2 / € 1 million	tCO_2 / € 1 million
Shares	€ 2,156	€ 2,061	95.6 %	68.4	42.9	66.4	45.7	72.4	37.5	136.0
Corporate bonds	€ 7,616	€ 7,446	97.8 %	78.1	47.6	76.8	50.6	74.8	55,0	217.9
Government bonds	€ 8,033	€ 7,744	96.4 %	63.4	58.9	57.2	69.0	40.5	96.0	161.3
Asset management [20]	€ 17,805	€ 17,251	96.9 %	**71.7**	**52.1**	**67.8**	**59.2**	**59.7**	**74.2**	**184.0**
Real estate [21]	€ 3,998	€ 3,425	85.7 %	**-7.5**	**137.8**	**-17.0**	**152.0**	**-18.6**	**154.0**	**NVT**
Mortgages [22]	€ 10,157	€ 9,836	96.8 %	**63.9**	**7.5**	**62.6**	**7.7**	**58.1**	**8.6**	**20.6**
ASR Netherlands	€ 31,960	€ 30,512	95.5 %	**69.4**	**47.3**	**65.2**	**54.3**	**56.6**	**67.8**	**141.8**

CO_2 emissions from own business operations

	2023		2022		2021		2020		2019		2018	
Categorie	**%**	**tCO_2**	**%**	**tCO_2**	**%**	**tCO_2**	**%**	**tCO_2**	**in %**	**ton CO_2**	**in %**	**ton CO_2**
Fuel and heating	0.1	4	0.1	3	0.2	3	0,3	8	0.5	37	1.1	88
Cooling	0,9	35	1.2	35	2.0	34	1.3	37	0.7	51	0.7	56
Use of lease cars	14.5	558	24.6	745	43.1	748	40.8	1,113	26.5	2,078	27.0	2,172
Scope 1	**15.5**	**597**	**25.9**	**783**	**45.2**	**785**	**42.4**	**1,158**	**27.7**	**2,166**	**28.8**	**2,317**
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Scope 2	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Business travel excluding lease cars	6.4	247	4.9	148	3.3	57	3.2	87	4.2	329	4.0	322
Commuting	73.6	2,840	65.4	1,984	48.0	833	51.6	1,408	66.0	5,148	65.0	5.229
Waste	4.6	176	3.9	119	3.5	61	2.8	76	2.1	160	2,2	177
Scope 3	**84.5**	**3,263**	**74.2**	**2,251**	**54.8**	**951**	**57.6**	**1,571**	**72.3**	**5,638**	**71.2**	**5.727**
Totaal	**100**	**3,860**	**100**	**3,034**	**100**	**1,736**	**100**	**2,728**	**100**	**7,804**	**100**	**8.044**

CO_2 emissions from the insurance portfolio

	2023	**2022**	**Delta in relative emissions**
	tCO_2	**tCO_2**	**in %**
Passenger car	116,796	119,663	2.4%
Corporate excluding CAR	49,783	47,060	-5.8%
Total P&C	166,580	166,723	0.1%

Endnotes

1. Dutch Association of Insurers: *Hoofd boven water; verzekeren van schade in een veranderend klimaat, 2017*.
2. In this report CO_2 stands for CO_2 equivalent.
3. IPCC: Climate change 2021; the physical basis, 2021.
4. All internally managed investments on a.s.r.'s balance sheet excluding private loans, cash and interest rate derivatives are in scope.
5. CAR insurance (Construction Allrisk) is construction and assembly insurance.
6. The carbon footprint of our own operations consists mostly of mobility (94.8% in 2022) including commuting, lease cars and business travel.
7. The a.s.r. target remains 50 kWh per square metre of gross floor area (GFA), despite the fact that the method developed by the Dutch Green Building Council and TVVL has been adjusted to 70 kWh per usable area (UA). This target of 70 kWh per square metre is in line with achieving the Dutch targets of the Paris Climate Agreement.
8. The first Green Deal Sustainable Care was concluded in 2015. Meanwhile, the third Green Deal has been concluded. The new agreement includes the following targets; 30% CO_2 reduction by the end of 2026, 55% CO_2 reduction by 2030 and climate neutral by 2050 for real estate and transport. In addition, investments will be made in raising awareness and knowledge and there will be a 50% reduction in primary resource use by 2030 compared to 2016. Ultimately, healthcare should become maximally circular by 2050.
9. www.rivm.nl/klimaat-en-gezondheid#:~:text=Klimaatverandering%20heeft%20effect%20op%20onze,en%20zwemwater%2C%20voedsel%20en%20infectieziekten.
10. All internally managed investments on a.s.r.'s balance sheet excluding private loans, cash and interest rate derivatives are in scope. The investments transferred to a.s.r. from Aegon after the transaction are also out of scope.
11. The carbon footprint of investments is calculated based on the direct and indirect emissions from own operations (scope 1 and 2) of companies invested in. For the investment properties, in addition to scope 1 and scope 2, tenant consumption (scope 3) is also included in the carbon footprint. This is in line with PCAF methodology.
12. UNEP: Global status report for buildings and construction, 2022.
13. These figures do not include Aegon's mortgage portfolio.
14. As many customers do not yet have their emissions data, we have worked with average emission factors from the PCAF database (per economic sector in which our business customers operate) and from the RDW (Dutch National Vehicle and Driving Licence Registration Authority) (per brand, type and fuel type of private passenger car driven by our private customers). It is expected that in the future, more and/or more granular data will become available and recalculation will be necessary. The recalculation of insurance-related emissions memo provides guidance in which cases and how a recalculation of insured emissions takes place.

Endnotes

15. The figure shows insurance-related emissions in tonnes in the a.s.r. P&C insurance portfolio - provincial and by proxy (excluding pools) - over the base year 2022, divided into the commercial insurance portfolio excluding CAR insurance and the private passenger car portfolio. Outside scope of the PCAF standard are other non-life insurance products such as private home insurance. The Aegon insurance portfolio has not yet been measured because it was not yet in the picture at the time of the baseline measurement (over 2022). PCAF made available a new database of economic sector-level average emission factors for the insurance sector as well as a new industry attribution factor for private passenger car insurance by the end of 2023. In line with our recalculation policy, we recalculated the 2022 baseline measurement for both the business portfolio and private passenger car portfolio in early 2024. The figures contain the recalculated representation.
16. The figure shows the gross written premium (GWP) in million related to climate solutions in the non-life insurance portfolio - provincial and by proxy - over the base year 2022, divided into the commercial insurance portfolio and the private traffic portfolio. Outside scope of the Target Setting Guidance are climate solutions within the other insurance products such as private home insurance. Climate solutions in the Aegon insurance portfolio are not yet included because they were not yet in the picture at the time of the baseline measurement (over 2022).
17. IPBES: Global assessment report on biodiversity and ecosystem services, 2019.
18. www.dnb.nl/algemeen-nieuws/dnbulletin-2020/biodiversiteit-en-de-financiele-sector-een-kruisbestuiving/.
19. ECB: The impact of the euro area economy and banks on biodiversity; occasional papers no. 335, 2023.
20. The carbon footprint is calculated in line with the PCAF (Partnership for Carbon Accounting Financials) methodology and on a best effort basis with data from Moody's ESG, Eurostat, MSCI ESG and Bloomberg.
21. The calculation concerns AuM (assets under management) for own account (relatively limited amount of retail data due to, e.g. privacy issues, lack of agreements with tenants and limited use of smart meters). Calculation of CO_2 emissions is based on the total energy consumption in kWh per m2 per year of all properties in the portfolio that were in operation during the calendar year. CO_2 data of DCRF, DPRF, DSPF and 'Other' funds are based on energy consumption in 2020 (excluding Archimedeslaan, head office a.s.r. energy consumption 2021 in 'Other'). Data sources are Fudura's smart meters, other smart meters and the annual energy consumption of the network operators. The total energy consumption in kWh per m2 per year of all properties in the portfolio that have been in operation for the entire calendar year is the sum of the amount of electricity (in kWh), district heating (in GJ) and gas (in m3) converted into kWh. The total energy consumption in kWh per m2 per year is converted by type of energy source.

Endnotes

22. Calculation in accordance with PCAF method. No data are available for homes that are still to be built, homes that do not (yet) have an energy label and homes for which no reliable data such as year of construction and type of home could be obtained. Data sources are service partner Stater, RVO, Calcasa (energy label, type of home and year of construction) and Statistics Netherlands (energy consumption). In the calculations a Loan to Value (LTV) adjustment was used. This means that the percentage of the mortgage in relation to the value of the home is taken into account in the carbon footprint calculation. Only the percentage of the mortgage in relation to the value of the home is attributed to a.s.r.'s CO_2 emissions.

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