



Principal Adverse Impacts

as part of Article 4 SFDR

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Principal Adverse Impacts Statement

ASR Vermogensbeheer N.V.

In this statement, ASR Vermogensbeheer N.V. explains. (AVB) discloses how it considers the prevention of any negative impacts on sustainability in its investment decisions. PAI stands for Principal Adverse Impacts.

I. Summary

AASR Vermogensbeheer N.V. (AVB) considers the principal adverse impacts on sustainability factors into account in its investment decisions. This PAI statement results from our investment approach and is updated annually based on new SRI insights and objectives.

AVB is subject to supervision by the Dutch Authority for the Financial Markets (AFM) and holds a licence to act as manager for investment institutions under Section 2:65(1)(a) of the Financial Supervision Act (Wft). Under Section 2:67a(2) Wft, AVB is licensed to provide the following investment services to both non-professional and professional investors:

- management of individual assets;
- provision of investment advice; and
- receiving and forwarding orders relating to financial instruments.

AVB is part of the group headed by ASR Nederland N.V. (ASR NL). ASR NL has a group-wide sustainability, remuneration and procurement policy. AVB applies all these policies with the aim of operating sustainably.

In addition, AVB has its own sustainable investment policy. It applies this in addition to ASR NL's policy. The principal adverse impacts on sustainability in AVB's operations are addressed by complying with and monitoring this sustainability policy.

AVB's Socially Responsible Investment (SRI) policy imposes requirements on the investments of the funds it manages, including with respect to sustainability. AVB also applies this policy to investments on behalf of investment funds and when managing individual assets.

The SRI policy contains criteria, standards and control processes for several Environmental, Social and Governance (ESG) themes with a view to managing key sustainability risks and mitigating adverse impacts of investment decisions on sustainability. The SRI policy is periodically updated based on new insights, available information, new or amended laws and regulations and expectations.

If an AVB-managed investment institution invests in one or more investment funds not managed by AVB, AVB applies its own sustainability criteria for external managers. These criteria set minimum requirements for the manager of these funds to meet international standards, such as the United Nations Principles for Responsible Investment (UN PRI), the United Nations Global Compact (UN GC) and exclusions for controversial weapons. Furthermore, the ambition is to invest as far as possible in line with AVB's sustainable guidelines for internally managed assets.

The availability of good and reliable data is essential for proper due diligence on sustainability aspects of investments and inclusion of negative sustainability impacts in investments. AVB is actively involved in the development of market standards for sustainability data for the financial sector, and aims to maximise available data and contribute to better availability of such data.

AVB expects that, with the introduction of sustainability regulations (including the Regulatory Technical Standards ('RTS') under the SFDR) and the tightening and expansion of transparency requirements, AVB will increasingly be able to assess the impact of its investments based on sustainability factors in future years. AVB will therefore periodically update and further refine this statement.

II. Description of principal adverse effects on sustainability

In its SRI policy, AVB has formulated the sustainability criteria against which it assesses investments in companies and countries, and investments through other investment institutions, in the areas of (among others) environment, society, good governance and its restrictions on controversial activities.

Sustainability policy and its application is an ongoing process. Its purpose is threefold:

- reducing adverse effects of AVB's investments on sustainability;
- promoting positive social value through AVB's investments; and
- management of non-financial risks in relation to financial returns on AVB's investments.

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

The exclusion criteria concern limits on economic activities in, for example, nuclear power generation and electricity from fossil fuels. Some activities are excluded altogether, such as arms trading, dealing in tobacco products and offering gambling services. We also require that companies comply with international conventions in the areas of human rights, labour rights and the environment, both within their own business and throughout their chain.

AVB's other goals include gender equality, right to a living wage, trade union freedom and the exclusion of child labour. Moreover, AVB does not invest in the sovereign debt of countries that underperform on corruption, democratic freedoms and the environment.

Additional investment is preferred in countries and companies that meet the sustainability criteria of AVB's SRI policy, and those that make an additional contribution to a sustainable society. These are countries and companies that are promoting the energy transition and combating the risks of climate change. Healthcare and education are also important themes for AVB. This positive selection process leads to a ranking of companies in the areas of human capital, environment, climate, ethics, good governance, social impact and human rights, and provides a classification for the companies that are most progressive in these focus areas. These are then given a relatively higher weight in our investment portfolios.

A full overview of all sustainability criteria used by AVB is available in the current policy. This policy is periodically updated based on new insights, objectives and expectations. AVB expects that in the near future, it will become easier to demonstrably relate the results achieved to the policies followed, as reliable data will increasingly become available from the companies and countries in which investments are made, allowing AVB to apply its sustainable policy criteria ever more effectively.

III. Description of policies to identify and prioritise principal adverse impacts on sustainability

AVB has attached great importance to applying its SRI policy to its investments for many years. The main objective of this policy is to reduce any adverse effects of its investments on sustainability factors. Its first SRI policy was adopted on 7 December 2007, and has been updated and refined several times since that time.

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

- Excluding companies and countries that do not reflect AVB's SRI policy; and
- Higher weight allocated to companies with relatively better sustainability performance than their direct sector peers.

Compliance with the SRI policy is primarily the responsibility of AVB's portfolio managers. Each mandate of an investment institution or individual client is managed according to the references and restrictions set out in the policy. Clients for whom AVB manages individual portfolios can also choose to apply additional sustainability restrictions. Technically, the investment restrictions are entered in portfolio management systems, with real-time monitoring and pre-trade compliance rules. Violations of the SRI policy are notified to portfolio managers and risk managers. Post-trade monitoring occurs through daily portfolio screening of compliance rules, including all applicable ESG criteria.

Any findings are reported to the AVB management. Twice a year, two external parties conduct a screening of the entire portfolio, including validation of compliance with the SRI policy. AVB works with Moody's ESG and MSCI ESG for the screening and the validation is made by Forum Ethibel.

IV. Reporting on managing adverse impacts on sustainability

AVB reports periodically, on a quarterly basis on its website and annually through its annual report, what actions it has taken in the context of sustainability and the effects these have had on containing and preventing negative effects on sustainability of AVB's investments.

V. Shareholder engagement policy

As an engaged shareholder, AVB maintains an ongoing dialogue on sustainability issues with the companies it invests in and - where possible - with countries whose debt securities it holds in its portfolio. AVB has had a Shareholder Engagement Policy since 2012. This policy is available on AVB's website.

AVB believes in engagement through constructive dialogue with the businesses it invests in with the aim of increasing shareholder value and social benefit in the long term. If AVB identifies controversial activities and dialogue with the company concerned does not lead to a positive change, that company will be excluded from its investment portfolio(s).

Besides dialogue to influence companies' business practices, AVB monitors the companies it invests in and maintains an active dialogue with the financial sector and public policy representatives on sustainability (for example, politicians, De Nederlandse Bank or the AFM).

VI. References to international sustainability standards

AVB's SRI policy is based on, and in line with, international conventions, recommendations, frameworks and guidelines, as developed by the United Nations (UN), the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD), among others. The SRI policy contains a detailed overview of standards applied within AVB. As part of this policy, AVB has a positive selection process providing insight into the international standards underlying each subject. Assessing the level of compliance with international standards is part of a six-monthly screening exercise carried out by two external parties.

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

VII. Conclusion

This PAI Statement is a statement of AVB and is based on the Regulatory Technical Standards ('RTS') giving further guidance on Article 4 of the EU Sustainable Finance Disclosure Regulation ('SFDR') (EU 2019/2088) of 27 November 2019. AVB will also publish an addendum to this PAI Statement on 30 June 2023.

