



a.s.r. | de nederlandse verzekeringsmaatschappij voor alle verzekeringen

MONITORING & CERTIFICATION OF SRI INVESTMENT PORTFOLIOS

CERTIFICATION STATEMENT 1st SEMESTER 2018

To the Portfolio Managers of a.s.r. Financial Markets Department,
To the a.s.r. Certificate holders:

Forum ETHIBEL asbl¹ is appointed by a.s.r. to execute independent monitoring and certification of the Socially Responsible Investment (SRI) investment portfolios of a.s.r. The screening covers all a.s.r. investments in securities issued by so-called corporates, both from Equity and Fixed Income portfolios, with the possibility of 'look through'.

Set-up

a.s.r. performs a bi-annual screening of its portfolio based on its SRI policy, as stated belowⁱⁱ. The SRI policy is based on the criteria applied to the EXCELLENCE Register produced by Forum ETHIBEL.

In order to safeguard the objectivity of the SRI screening, a.s.r. has appointed two external parties:

1. **VIGEO Eiris**, to implement the bi-annual 'Extended Exclusion' screening of the investment portfolio.
2. **Forum ETHIBEL**, to screen the conformity of the a.s.r. portfolio with the SRI policy and with the Ethibel EXCELLENCE investment register and to audit the implemented engagement policies and to summarize its conclusions into a semestrial Certification Statement.

VIGEO Eiris is entitled to screen the concerned portfolios twice a year following an "**Extended Exclusion**" methodology defined by mutual agreement between a.s.r. and **VIGEO Eiris**.

The Extended Exclusion Criteria can be divided in two main categories:

1. On the one hand a.s.r. abstains from investing in companies with significant controversies on the following criteria: Complicity in Systematic and/or Gross Violation of Human Rights Conventions, Violation of ILO Conventions and Violation of the UN Global Compact Environmental principles.
2. On the other hand a.s.r. chooses to exclude companies involved in the following activities: nuclear energy (if the involvement is > 50%); coal, tar sands and oil shale (if the involvement is >30%); gambling; tobacco and armament.

The **VIGEO Eiris** analysis results in the following possible recommendations:

1. Acceptable
2. Negative advice
3. Watch list
4. Not transparent (non-researchable due to considerable level of complexity, uncertainty or lack of transparency)

VIGEO Eiris does not provide recommendations on non-corporate investment lines.

As a guide to positive stock picking and in order to align with the principles of SRI Policy, **VIGEO Eiris** transfers twice a year the updated Ethibel EXCELLENCE Investment Register to a.s.r., with the purpose of assessing and quantifying the portfolios' SRI conformity. All portfolios are subject to this positive screening and catalogued "**SRI Plus**".

The extent of the engagement procedure and the implementation modalities were defined in 2013. The Engagement Policy is an extension to the overall SRI exclusion criteria, aiming at maximising a.s.r.'s efforts on the commitment to spread sustainable practices. Every engagement project has concrete objectives and timelines. This enables for adequate assessment whether the objectives have been achieved. On a semi-annual basis, an evaluation is conducted on the effectiveness of the activities.

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As a consequence of the adopted engagement policy, a negative advice (“NO”) may be turned into “compliant” by three kind of actions: (i) sale of the position, (ii) start-up of an engagement process, (iii) expiration of the position, in the case of corporate bonds with a maturity below 2 years.

Forum ETHIBEL performs three tasks:

1. On the level of the “Extended Exclusion” portfolios: assure the conformity of the a.s.r. portfolios with the recommendations of VIGEO Eiris and the compliance with the ethical criteria for the portfolios in scope. In order to verify this compliance, the portfolio’s positions are screened on the reference dates of the 30th of June and the 31st of December.
2. On the level of the “SRI Plus”: monitor and quantify the level of compliance of the investment positions of the portfolios in scope as mentioned above, with the Ethibel EXCELLENCE Register.
3. On the level of “Engagement”: audit whether all procedures and commitments are being met, in terms of concrete targets, boundaries and effectiveness evaluation.

The 2018/1st semester verification

The audit has been executed in full accordance with the contract conditions and determinations. While processing the audit, all our additional inquiries were answered, and requested information has been provided by a.s.r. and by **VIGEO Eiris**. This certification declaration is based on the portfolio positions of June 2018. All positions have meticulously been investigated.

Forum ETHIBEL has checked the “Engagement dossier”, containing the description of objectives and targets, the relevant mails and meeting documents, the internal status reports and assessments.

Conclusion

Based on the above listed controls and observations, we declare that a.s.r. invested the portfolios in scope in full compliance with the “Extended Exclusion” criteria researched by **VIGEO Eiris**.

For 1,74% of the total AUM, **VIGEO Eiris** has identified issues according to a.s.r.’s SRI Policy. For these shares (in particular Alphabet, BMW, BHP Billiton, Daimler, Facebook, Volkswagen) an Engagement trail is on-going, for which a.s.r. has provided evidence and details. An engagement process is still ongoing with Ford and G4S, two companies previously identified as non-compliant by Vigeo-Eiris. However, these companies are currently in line again with the SRI-policy of a.s.r.

On the level of “SRI Plus” 42,34% of the total AUM is in line with the Ethibel EXCELLENCE register.

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Forum ETHIBEL asbl



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ⁱ **Forum ETHIBEL** is a Belgian independent association, created in 1992 and recognized as an expert in rating, independent audits and certification of products and services that meet ESG and ethical standards (www.forumethibel.org)

ⁱⁱ <http://asrnl.com/media/2203/sri-policy-asr-nederland-nv.pdf>