

TIIP Database Firm Comparison

Search Date: November 07, 2016

Comparison Firms:

- Aegon Asset Management (AAM) (Aegon)
- Allianz Societas Europaea (Allianz SE)

Comparison Criteria:

- Headquarters
- Assets under management
- Number of years integrating
- Systems focused on
- "TIIPing" Point
- Activities - Security Selection; Portfolio Construction

Headquarters	
Aegon	Netherlands
Allianz SE	Germany

Assets under management	
Aegon	\$389.9 billion (2015)
Allianz SE	Approximately €1.8 trillion (US\$2 trillion) (2015)

Number of years integrating	
Aegon	6 to 10 years
Allianz SE	1 to 5 years

Systems focused on	
Aegon	Environmental; Societal

Allianz SE	Environmental; Societal; Financial
------------	------------------------------------

"TIIPing" Point

Aegon	<p>Of particular interest from the point of view of systems-level considerations are the commitments of AAM to exploring policies and practices that intentionally addressing the diversity of clients' approaches to systems-level concerns.</p> <p>One of the challenges of managing the risks and rewards of the systems-level, as well as the portfolio-level, implications of systems-related investment decision-making is the disparity between consensus on systems-related issues at a global level and on a local or client-specific level. As AAM puts it, "Managing a consistent approach to RI [responsible investment] as a global company, while reflecting local sensitivities—and tailoring mandates to meet our clients' needs—is a real challenge" (Aegon (a)).</p> <p>To address this challenge, at the group level AAM sets minimum standards for its proprietary assets under management based on "broadly accepted international frameworks" (Aegon 2014:14) related primarily to human rights and to production of anti-personnel weapons. Then "as long as there is no conflict with this policy, individual AAM units may develop their own RI policies that add further detail" (Aegon (a)). To serve the United Kingdom ethical investment market, for example, AAM's Kames Capital Management subsidiary has offered "deep green" funds since 1989. Aegon the Netherlands (Aegon's Dutch insurance division) also includes additional sustainability standards in its investments.</p> <p>AAM's approach acknowledges that for an issue to be truly systems related and therefore applicable to all of the assets of a manager serving diverse clients, consensus needs to be as broadly established as possible. Simultaneously local conditions or client-specific concerns may lead managers to create portfolios that incorporate additional social and environmental factors. For investment themes beyond the confines of the portfolio, client-specific focus must therefore be both at the systems and individual institutional level.</p>
-------	--

Allianz SE	<p>Of particular interest from the point of view of systems-level considerations are the commitments of Allianz SE to exploring policies and practices that intentionally emphasize a diversity of approaches to addressing a single systems-level concern.</p> <p>With climate change directly impacting its core business line of property and casualty insurance, Allianz SE has taken a multiplicity of steps to promote actions that can minimize this system-level risk both to itself as a firm and to society more generally.</p> <p>These commitments include incorporating climate change-related initiatives into both its product line and its investment practices. On the product side, it has developed insurance offerings and services that offer incentives for customers to adopt low-emissions cars; helped corporate and other customers in managing climate related risks; and offered advisory services and lending to promote energy-efficient real estate. On the investment side, it has created funds emphasizing “green bonds” and alternative energy; made substantial investments in renewable energy (approximately US\$2.7 billion through 2015); and ceased its investments in coal-based businesses. More generally, Allianz SE has collaborated in academic research on climate change, and with its peers advocated for industry and governmental action on this issue.</p> <p>By focusing a variety of initiatives on a single issue, Allianz SE increases its opportunity for influence and impact at this ecosystems level, while at the same time addressing risks and rewards at the level of its products and portfolio investments.</p>
------------	---

Activities - Security Selection; Portfolio Construction

Aegon	<p data-bbox="472 205 846 237">Description & select examples</p> <ul data-bbox="521 262 1377 653" style="list-style-type: none"><li data-bbox="521 262 1377 331">• Direct investment exclusions based on exclusionary standards set by Responsible Investment Committee.<li data-bbox="521 342 1377 569">• May exclude from investment companies, or the debt of countries, that: (a) fail to respond to engagement on issues of major importance; (b) participate in harmful activities on which there is international consensus such as human rights violations or nuclear or anti-personnel weapons; (c) face international sanctions for human rights violations.<li data-bbox="521 579 1377 653">• In 2016, announced plans to no longer invest in companies substantially involved in coal mining. <p data-bbox="472 674 1068 705">Select reported results, output, and/or outcomes</p> <p data-bbox="472 726 1377 800">Currently excludes 17 individual companies and the sovereign debt of 14 countries.</p>
-------	---

Allianz SE	<p>Description & select examples</p> <ul style="list-style-type: none"> • Propriety asset management ESG integration. Systematically analyzes ESG criteria for all prospective investments across asset classes as outlined in the Allianz ESG Integration Framework. Specific approaches vary by asset class and analysis is done at the transaction level. Identified 13 “sensitive sectors” (e.g. agriculture, defense, hydro-electric power, nuclear energy) and specific ESG screening protocols for each. Possible outcomes are: proceed; proceed with conditions; escalate to superiors for additional review; and decline. “Sensitive countries”—as it relates to human rights violations and as per standards set by various international organizations (e.g. the United Nations and UNICEF)—are also subject to additional review. Direct real estate investments must comply with the Allianz Real Estate Sustainability Program standards regarding transparency, communication and measurement and reporting. • ESG research team and database. Allianz GI research team populates a database of qualitative and quantitative ESG information for analysis by portfolio managers. Requires that all external managers integrate ESG considerations into investment decision making • Exclusions.Excludes from investment companies involved with controversial weapons and those with coal-based business models. • ESG scoring approach. As of 2015, the firm was developing a new ESG scoring approach for fixed income and equities classes, which represent 90% of all invested assets. Each investment to be assessed against 37 issues across ten themes (e.g. climate change, human capital, corporate governance). <p>Select reported results, output, and/or outcomes</p> <p>In 2015:</p> <ul style="list-style-type: none"> • Assessed ESG considerations for 405 prospective transactions (insurance + investment); approved 47%, approved with conditions 50%, declined 3% • Invested €500 million in renewable energy in 2015; bringing total to €2.5 billion to date; committed to double investments to €5 billion • Began divestment from coal-based business models
------------	--