



# RESPONSIBLE INVESTMENT OVERVIEW

## Responsible investment quick facts

 **USD 248 billion**  
AuM in responsible investment solutions<sup>1</sup>

 **564**  
engagements in 2019

 **2,321**  
company meetings voted on in 2019

 **14**  
professionals in a dedicated Responsible Investment team<sup>1</sup>

## Ratings & rankings

- **A+** rating from PRI's assessment of our RI strategy and governance<sup>3</sup>
- **100/100** on Sustainalytics' responsible investment policy and program assessment<sup>4</sup>
- **6th/75** of global asset managers according to a survey by ShareAction for our RI program<sup>5</sup>

<sup>1</sup>As of September 30, 2020. Assets under management/advisement excludes joint ventures. Responsible investment products and services may vary regionally.

Past rankings are no guarantee of future rankings. Please refer to disclosures for important information on ratings/rankings. <sup>3</sup>As of 2020. Approximately 29% of signatories received an A+ score for PRI strategy and governance module in 2020. <sup>4</sup>As of 2020. Approximately 23% of 1,269 participants received a score of 100/100 for their responsible investment policy and approximately 23% of 1,181 participants received a score of 100/100 for their responsible investment program in 2020. <sup>5</sup>As of 2020. Share Action conducted a survey ("Point of No Returns", March 2020) of 75 of the list.

## A responsible and engaged investor

At Aegon Asset Management, we believe responsible investment practices can generate value over the long term. As stewards of our clients' capital, we think it's prudent to consider all relevant and material risks and opportunities, including ESG factors, as part of comprehensive securities analysis. Incorporation of ESG factors is a core element of our investment analysis and stewardship activities. Through our comprehensive responsible investment activities, we aspire to help our clients pursue better long-term outcomes while contributing to sustainable capital markets and impactful economic activities.

Building on our rich heritage of responsible investment stretching over the past 30 years, we've built a comprehensive responsible investment approach consisting of three pillars:

**ESG Integration** – Incorporating ESG factors into the investment process to mitigate risk and uncover opportunities.

**Active Ownership** – Addressing ESG issues by actively engaging with issuers and investee companies and exercising shareholder rights.

**Solutions** – Providing focused responsible investment strategies including exclusions, best-in-class, sustainability-themed and impact investments.

## A history of responsible investing

Our responsible investment journey began over 30 years ago.

1987	Real Assets US closes first investment in low income housing tax credits	2014	Introduces carbon footprint analyses
1989	Aegon AM UK launches first ethical strategy	2015	Integrates ESG ratings into credit research reports
2004	Aegon AM NL launches first multi-manager RI strategy	2016	Aegon N.V. establishes RI as a strategic company initiative
2007	Publishes first RI report	2017	Launches intensive ESG Next program to enhance ESG processes. Forms Climate Change Working Group
2010	Develops RI framework and forms central, dedicated team	2018	Expands RI team members and enhances global support
2011	Aegon N.V. adopts a global RI policy. Aegon AM becomes a member of PRI	2019	Aegon AM US launches dedicated ESG and sustainable fixed income strategies
2012	Selects ESG research provider and joins GRESB	2019	Formalizes RI principles and develops common terminology
2013	Adopts ESG training for all investment staff and appoints regional ESG officers		

## Our approach

Our comprehensive responsible investment approach consists of three pillars: ESG integration, active ownership and solutions. We integrate ESG factors across our investment platform, lead active ownership activities and provide focused responsible investment (RI) solutions.

## ESG integration

We believe responsible investing creates opportunities to generate value and may contribute to long-term outperformance. As a result, ESG factors are systematically integrated into our bottom-up research process for corporate fixed income and equity issuers. By integrating ESG considerations with economic factors, the research teams seek to identify financially material ESG factors and arrive at an independent view of the investment.

## Active ownership

We believe taking responsibility as an investor also means being a truly active owner, not just as a shareholder but as a financier more broadly. With a long-term focus, we have built a robust active ownership program that includes engaging with issuers and investee companies and exercising shareholder rights.

We aspire to influence change by engaging in dialogue with issuers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, educate management on sustainability concerns, promote growth in sustainable business lines and advocate changes that align with responsible investment priorities. Successful engagement can create new investment opportunities. Where possible, we vote in line with our engagement activities

Our dedicated global Responsible Investment team leads the firm's active ownership program alongside our portfolio managers. To effect change on a large scale, we collaborate with other investors and non-governmental organizations.

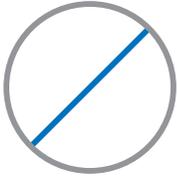
## Solutions

Beyond ESG integration and active ownership, Aegon AM provides a range of dedicated responsible investment solutions. From client-directed exclusions and best-in-class selection to sustainability-themed strategies and impact investing, our progressive solutions can help clients achieve their financial objectives while emphasizing ESG criteria.



## Responsible investment solutions

We provide a range of focused responsible investment solutions across four key categories.



### Exclusions

USD 237.8 billion

Utilize negative screening to avoid certain sectors, companies or practices based on specific criteria



### Best-in-class ESG

USD 3.3 billion

Seek to outperform by emphasizing positive screening of issuers with better or improving ESG practices



### Sustainability-themed

USD 1.4 billion

Focus on issuers whose activities or practices are aligned with sustainability themes in an effort to generate competitive returns over the long term



### Impact investing

USD 5.9 billion

Pursue financial returns alongside measurable positive social and/or environmental impact

Source: Aegon AM as of September 30, 2020. Assets under management/advisement excludes joint ventures. Responsible investment products and services may vary regionally.

	Exclusions	Best-in-class	Sustainability-themed	Impact investing
<b>Fixed income</b>	<ul style="list-style-type: none"> <li>Ethical Corporate Bond</li> <li>Customized solutions</li> </ul>	<ul style="list-style-type: none"> <li>High Yield ESG</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Fixed Income</li> </ul>	<ul style="list-style-type: none"> <li>Government-Related Investment</li> </ul>
<b>Equities</b>	<ul style="list-style-type: none"> <li>Ethical Equities</li> <li>Customized solutions</li> </ul>		<ul style="list-style-type: none"> <li>Global Sustainable Equity</li> </ul>	
<b>Real assets</b>	<ul style="list-style-type: none"> <li>Customized solutions</li> </ul>			<ul style="list-style-type: none"> <li>Healthcare Property</li> <li>Affordable Housing Mortgage Loans</li> <li>Low Income Housing Tax Credit Equity</li> <li>Workforce Housing Private Equity</li> </ul>
<b>Multi-asset &amp; multi-manager (MM) solutions</b>	<ul style="list-style-type: none"> <li>Ethical Cautious Managed</li> <li>Customized solutions</li> </ul>	<ul style="list-style-type: none"> <li>MM World Equity SRI Index</li> <li>MM European Equity SRI Index</li> <li>European Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>MM Long-Term Investment Equity</li> </ul>	<ul style="list-style-type: none"> <li>MM Global Green Bonds</li> </ul>

Offered by:

- Aegon AM UK
- Aegon AM US
- Aegon AM NL
- Aegon Real Assets US

Not all strategies are available to all investors. Certain capabilities may not be open to new investors.

Aegon Asset Management is a group of active global investors. We aim to deliver competitive investment performance for our clients with appropriate levels of risk, supported by quality service. Our 380 investment professionals manage and advise on assets of USD 408 billion (EUR 364 billion) as of June 30, 2020 for a global client-base of pension plans, public funds, insurance companies, banks, wealth managers, family offices and foundations.

We organize our investment capabilities around four focused platforms where we have deep asset-class expertise: fixed income, real assets, equities, and multi-asset & solutions. Each platform has dedicated teams, organized globally and charged with maximizing client benefit from their specialist areas.

We are an international business; our 1,200 employees work from 17 locations across Europe, the Americas and Asia. We have a supportive owner in the Aegon Group, one of the world's leading financial services businesses, which has a heritage dating back to 1844.

USD 408 billion (EUR 364 billion / GBP 331 billion) assets under management as of June 30, 2020 described herein incorporates the entities within Aegon Asset Management as well as the following wholly or partially owned affiliates: Aegon Asset Management Asia LTD (AAM Asia), Aegon Asset Management Central and Eastern Europe (AAM CEE), Aegon Asset Management Pan-Europe BV (AAM PE), Aegon Asset Management Holding B.V. and Aegon Asset Management Spain along with joint-venture participations in Aegon Industrial Fund Management Co. LTD (AIFMD), La Banque Postale Asset Management SA (LBPAM), Pelargos Capital BV (Pelargos) and Saemor Capital BV (Saemor).

### Disclosure

The following Aegon affiliates are collectively referred to herein as Aegon Asset Management: Aegon USA Investment Management, LLC (Aegon AM US), Aegon USA Realty Advisors, LLC (Aegon RA), Aegon Asset Management UK plc (Aegon AM UK), and Aegon Investment Management B.V. (Aegon AM NL). Each of these Aegon Asset Management entities is a wholly owned subsidiary of Aegon N.V.

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Specific sectors mentioned do not represent all sectors in which Aegon AM US seeks investments. It should not be assumed that investments of securities in these sectors were or will be profitable.

All investments contain risk and may lose value. Responsible investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgement exercised, by any company of Aegon Asset Management will reflect the beliefs or values of any one particular investor. Responsible norms differ by region. There is no assurance that the responsible investing strategy and techniques employed will be successful. Investors should consult their investment professional prior to making an investment decision.

Aegon Asset Management entities deliver services to, and share resources with, one another pursuant to applicable law as well as both global and local, policies, monitoring, and supervision. Personnel employed by a foreign Aegon Asset Management entity engaged in activity for, or through, a local Aegon Asset Management entity are subject to that local entity's applicable requirements and oversight. This may include the use of delegation arrangements and/or a participating affiliate arrangement, as this term is used by the U.S. Securities and Exchange Commission (SEC).

This presentation includes ratings and rankings for Aegon Asset Management's responsible investment activities. The rating or ranking is not indicative of future performance or ratings and may not be representative of any one client's experience because the rating reflects an average.

The Principles for Responsible Investment (PRI) rating of A+ is as of August 2020 and is reflective of Aegon AM's rating on the Strategy and Governance module. Approximately 29% of signatories received an A+ score for the PRI strategy and governance module in 2020, a mandatory module within a set of ten modules. The Strategy and Governance module assesses the firm's responsible investment policy, responsible objectives and strategies,

governance and human resources, responsible investment promotion activities and incorporation of ESG issues in asset allocation. The activities presented in this module are reflective of Aegon NV's asset management business conducted by Aegon Asset Management companies. Indicator scores are assigned to one of six performance bands and assigned a letter rating ranging from E to A+ (worst to best). A rating of A+ corresponds with a score of > 95%. PRI does not require an explicit rating fee, however all PRI signatories pay a general annual contribution fee.

The Sustainalytics ranking of 100/100 is as of February 2020 and is reflective of Aegon NV's responsible investment program and responsible investment policy. Approximately 23% of 1,269 participants received a score of 100/100 for their responsible investment policy and approximately 23% of 1,181 participants received a score of 100/100 for their responsible investment program in 2020. Sustainalytics evaluates companies on various ESG issues and assesses the company's individual performance in relation to industry peers. The assessment identifies key issues for each company. For Aegon NV, the key ESG issues include human capital, ESG integration and product governance. Within each ESG issue category, Sustainalytics identifies key indicators. The ESG integration category includes the Responsible Investment Policy and Responsible Investment Program indicators which are reflective of Aegon NV's asset management business conducted by Aegon Asset Management companies. Company scores can range from 0 to 100 (worst to best). Sustainalytics does not require a fee for providing this ranking.

ShareAction conducted a survey ("Point of No Returns", March 2020) of 75 of the world's largest asset managers across 17 countries (based on AUM as of December 31, 2017 according to IPE's 2018 Top Asset Managers List). The survey results are based on responses from the asset manager and do not reflect the experience of the clients individually or collectively of any company of Aegon N.V. Rankings were not based on the performance not indicative of future results. Aegon Asset Management did not pay a fee to participate in the survey. The assessment includes the ranking and analysis of the manager's performance on stewardship, transparency and governance. The themes covered in the survey include responsible investment governance, climate change, biodiversity and human and labour rights, a development from previous AODP assessments that focused solely on climate change. The questionnaire was developed with input from external experts and mapped to the structure of the TCFD recommendations for all themes. For additional information, please visit ShareAction's site: <https://shareaction.org/research/resources/point-of-no-returns/methodology/>.

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