

# Aegon Group Responsible Investment Policy

October 2023



# Contents

|   |    |
|---|----|
| Definitions                                       | 3  |
| Introduction                                      | 5  |
| Purpose   | 5  |
| Scope   | 5  |
| Our responsible investment focus areas            | 6  |
| Climate Change                                    | 6  |
| Human Rights                                      | 7  |
| Tobacco   | 7  |
| Advancing our responsible investment focus areas  | 8  |
| Addressing our responsible investment focus areas | 9  |
| Engagement  | 9  |
| Voting  | 9  |
| Approach to exclusions                            | 10 |
| Governance  | 11 |
| Management and oversight                          | 11 |
| Conflict of interest                              | 11 |
| Update procedure                                  | 11 |
| Change log  | 12 |
| Appendix A: References                            | 13 |

# Definitions

|                         |   |
|-------------------------|---|
| <b>Active ownership</b> | An approach to mitigating or managing ESG risks and adverse impacts associated with our investment decisions, where we attempt to use our influence as a large investor to encourage the companies in which we invest to make positive changes to their business for the benefit of investors, society, and the planet. This approach includes engaging with companies as well as exercising any voting rights we hold. |
| <b>Adverse impacts</b>  | Potential or actual negative impacts of investment decisions on sustainability factors, such as environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.  |
| <b>Aegon</b>            | Aegon Group   |
| <b>Business units</b>   | The operational subsidiaries of Aegon Group to which the policy applies: Transamerica, Aegon UK, Aegon Asset Management, Aegon Spain, and Transamerica Life Bermuda (TLB).  |
| <b>Carbon intensity</b> | A measure of the amount of carbon dioxide (CO <sub>2</sub> ) and other greenhouse gases (CO <sub>2</sub> e) emitted per unit of activity.   |
| <b>Climate change</b>   | Climate change is the long-term change in the average weather patterns that have come to define the earth's local, regional, and global climates. Climate change includes both the global warming driven by greenhouse gas emissions as a result of human activity, and the resulting large-scale changes in the earth's weather patterns.  |
| <b>Engagement</b>       | Engagement refers to interactions between the investor and current or potential investees on ESG topics. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure.   |
| <b>ESG factors</b>      | ESG factors are financial and non-financial information and data related to environmental, social, or governance ("ESG") activities.  |
| <b>ESG integration</b>  | Aegon's approach systematically considers financially material ESG factors in the investment analysis process with the aim of identifying sustainability risks.   |
| <b>Exclusion</b>        | The removal of securities from an investment universe (the scope of current and/or potential investments) or the set of securities in which an investment fund is allowed to invest.  |
| <b>Exclusion List</b>   | A list of companies and sovereign issuers in which Aegon does not permit any new investments to be made.  |

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|---|--|
| <b>General account assets (GA assets)</b> | General Account (“GA”) assets of Aegon business units where Aegon has management control and can take the investment decisions. Assets of joint venture companies where Aegon does not have management control, as well as assets managed by Aegon business units such as Aegon Asset Management on behalf of third parties, are out of scope.   |
| <b>Global Sustainability Board (GSB)</b>  | The Global Sustainability Board (“GSB”) is a senior management committee, chaired by an Executive Committee member, tasked with supporting the overall governance and oversight of our company-wide approach to sustainability. The GSB is responsible for monitoring, discussing, and advising the Executive Committee on all subjects and issues deemed relevant for the proper execution of the policy. |
| <b>Greenhouse gas (GHG) emissions</b>     | Greenhouse gas emissions are gases that trap heat in the earth’s atmosphere. They are produced by human and natural activities. Common greenhouse gases include Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (NO <sub>2</sub> ), and fluorinated gases.  |
| <b>Human rights</b>                       | For the purpose of the RI Policy, Aegon considers all types of human rights, including (but not limited to): civil rights, political rights, social and economic rights, cultural rights, the rights of minorities, the rights of women, and the rights of vulnerable groups, such as children and indigenous peoples.   |
| <b>Investment decisions</b>               | Decision(s) based on investment objectives, risk appetites, and the nature of the investor.  |
| <b>Net-zero</b>                           | A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.  |
| <b>(Proxy) voting</b>                     | Voting is the exercising of the right of a shareholder to vote on matters of policy and certain actions. Not all assets have associated voting rights and, as a result, voting is limited to certain asset classes.  |
| <b>Responsible investment (RI)</b>        | Responsible investment (“RI”) is an umbrella term that covers various tools and approaches to incorporating ESG considerations into investment decision-making processes. It may include ESG integration and active ownership as well as dedicated, RI-focused capabilities.   |
| <b>Screening</b>                          | Screening refers to the practice of identifying issuers in an investment universe or portfolio that meet or fail to meet certain criteria, such as deriving revenues from certain activities, being involved in the manufacturing of certain products or being considered in breach of certain norms or standards.   |
| <b>Sustainability risks</b>               | An ESG-related event or condition that, if it occurs, could result in an actual or potential material, negative impact on the value of the investment.   |

# Introduction

## Purpose

Aegon is an integrated, diversified, international financial services group. We offer investment, protection, and retirement solutions, always with a clear purpose: *helping people live their best lives*. This requires a sustainable, future-oriented business that actively considers the interests of all stakeholders, including our customers, employees, investors, business partners, as well as the environment and the society at large.

Through our investment analysis and decision process, we systematically consider financially material factors, including ESG factors, with the aim of identifying risks and opportunities and maximizing risk-adjusted returns for our clients. By taking an active approach to responsible investment, we seek to reduce the risks to our business and explore ways to serve the interests of our customers and wider society in which we operate. Moreover, we believe that actively engaging with companies to improve their ESG performance is generally more effective as a tool to achieve environmental and social sustainability outcomes than exclusion from our investment universe. By spearheading engagement efforts and exercising shareholder voting rights, we use our voice and actions to try to effect positive change in line with our responsible investment priorities.

The Responsible Investment Policy (“policy”) acts as the basis for how our GA assets should be managed, consistent with our responsible investment objectives, relevant laws, and governance standards (a non-exhaustive list of applicable frameworks, laws, and guidelines are listed in Appendix: References).

## Scope

The policy only applies to the GA assets of Aegon business units, where Aegon has management control and can take the investment decisions. Aegon expects all asset managers (internal or external) managing GA assets to apply this policy.

# Our responsible investment focus areas

We selected a number of responsible investment focus areas for the purpose of this policy.<sup>1</sup>

## Climate Change

Climate change is a sustainability topic that has increasing significance for Aegon and its stakeholders. We realize that our influence as an investor is significant, and we must aim to make a positive contribution to mitigating climate change. As a diversified financial services business, Aegon is well-positioned to support society's transition to a climate-resilient economy and a net-zero world. As an important step in strengthening our group-wide approach towards reaching net-zero objectives by 2050, Aegon signed the Paris Pledge for Action in 2015 and joined the Net-Zero Asset Owner Alliance (NZAOA) in 2021. To steer progress towards 2050, we have committed to:<sup>2</sup>

- Transitioning our GA investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050.
- Reducing the carbon intensity of our corporate fixed income and listed equity GA assets by 25% in 2025, against a 2019 baseline.
- Reducing the scope 1 and 2 carbon intensity of our directly-held real estate investments by 25% (kgCO<sub>2</sub>e/m<sup>2</sup>) by 2025, against a 2019 baseline.
- Investing USD 2.5 billion in activities to help mitigate climate change or adapt to the associated impacts by 2025.
- Engaging with at least the top 20 corporate carbon emitters in our portfolio by 2025.

In line with our commitment and targets, Aegon excludes issuers, including majority-owned subsidiaries of such issuers, from its investment universe if they are involved in certain activities considered to have significant adverse impacts on climate change.

- Companies that derive 25% or more of their revenue from the exploration, mining, or refining of thermal coal. This threshold will be adjusted to 10% in 2027 and 5% in 2029.
- Companies that produce more than 20 million tons of thermal coal annually and are actively expanding exploration, mining or refining operations.
- Companies that derive 50% or more of their revenue from thermal coal-fired electricity generation.
- Companies that own coal-fired electricity generation capacity greater than 10 gigawatts and are actively expanding coal-fired electricity production capacity.
- Companies that derive 5% or more of their total oil equivalent production from oil sands.
- Companies building or operating pipelines that significantly facilitate export of oil extracted from oil sands.
- Companies that derive 5% or more of their revenue from oil and gas exploration and production in the Arctic.

<sup>1</sup> Apart from the Exclusion List, which is binding for all investments in scope of the RI Policy, under certain circumstances we may not be able to adhere to all positions for all RI topics noted.

<sup>2</sup> Aegon has referenced the NZAOA's Thermal Coal Position and Position on the Oil and Gas Sector and is evaluating its general accounts portfolio and current positions. Following this assessment, Aegon will determine which tools (e.g., exclusions, engagements) are best suited to implement its net-zero targets consistent with NZAOA guidance.

## Human Rights

Aegon's approach to human rights is to seek to avoid causing or contributing to adverse human rights impacts in areas which we can directly influence through our management control. As a matter of policy, Aegon applies European Union, United Kingdom, United Nations Security Council, and United States sanctions globally, including sanction regimes that specifically target human rights abuses (subject to permissibility under applicable local law), even where not directly legally required.

Additionally, Aegon considers the production and use of controversial weapons that have an indiscriminate and disproportional impact on civilian populations to be unacceptable. The effects of these controversial weapons can often be felt for many years after armed conflicts end. As a result, Aegon excludes countries that are under an arms embargo of the United Nations Security Council, the European Union, or the United States, and issuers involved in the below activities from its investment universe:

- Companies involved in the development, production, maintenance, and trade of: anti-personnel mines; biological or chemical weapons; cluster munitions; ammunitions containing depleted uranium.
- Companies involved in the production and maintenance of nuclear weapons for any countries not identified as nuclear-weapon states under the Treaty on the Non-Proliferation of Nuclear Weapons.
- Companies that produce or develop key and dedicated components for controversial weapons, as listed above, or offer essential services for their use.
- Companies that hold a stake of 20% or more in, or are currently 50% or more owned by, a company that is involved in controversial weapons based on the above criteria.

In light of its commitment to human rights, Aegon also excludes from its investment universe:

- Countries that we believe systematically breach human rights.<sup>3</sup>
- Countries being used to launder proceeds of crime, to finance terrorism and/or to be involved in transactions related to sanctioned persons, entities and/or countries as well as trade controlled exports and proliferation financing.<sup>4</sup>
- Investments in any Russia- or Belarus-based companies.

## Tobacco

Good health and well-being are at the heart of our purpose of helping people to live their best lives. Aegon believes investing in the tobacco industry is not compatible with our focus on good health and well-being. As such, Aegon is a signatory to the Tobacco-Free Finance Pledge. Aegon implements this commitment by excluding issuers involved in the below activities from its investment universe:

- Companies that generate 5% or more of their revenue from tobacco production.

<sup>3</sup> The sanctions lists screened against globally include: the European Union, United Kingdom, United Nations Security Council, and United States (including the U.S. State Department's State Sponsors of Terrorism list (<https://www.state.gov/state-sponsors-of-terrorism/>). This screening also encompasses sanction regimes that specifically target human rights abuses (subject to permissibility under applicable local law). Screening against the aforementioned sanctions lists is conducted by Aegon's Legal and Compliance departments as a matter of policy in order to meet all (local) laws and regulations. The included reference to sanctions lists in the RI Policy does not supersede or run counter to Aegon's Financial Economic Crime Statement (<https://www.aegon.com/about/compliance/financial-economic-crime>) or Group Sanctions Policy.

<sup>4</sup> In compliance with sanction regimes and in line with Aegon Group's Financial Economic Crime Statement (<https://www.aegon.com/about/compliance/financial-economic-crime>).

# Advancing our responsible investment focus areas

To continually advance on our responsible investment objectives, Aegon will update its policy, as it in its sole discretion deems necessary, to cover additional topics that have material impact for both people and the planet and that are also addressable via responsible investment, or to otherwise amend the terms of this policy. We will build on the current focus areas to include further material sustainability topics identified by our stakeholders as part of our regular Double Materiality Assessment process.



# Addressing our responsible investment focus areas

To implement this policy, we use engagement and exclusion as our priority tools.

## Engagement

Aegon's engagement efforts are conducted by Aegon Asset Management. Our engagement efforts focus primarily on public corporate fixed income investments.

Consistent with its Active Ownership Policy, Aegon Asset Management engages in a dialogue with companies identified as relevant according to our responsible investment focus areas. This dialogue provides us with an opportunity to highlight our findings, inform company management of our concerns, and advocate the changes we believe they should make to their business.

We recognize that it can take some time for a company to make the changes we ask of them. As such, we typically expect our engagement efforts to continue with a company for between three and five years. Participating in collaborative engagements with other like-minded investors can sometimes be the best course of action to maximize our influence. We seek to strengthen our investor voice in engagement by actively participating in collaborative engagement platforms.

Our preference is for engagement with companies to be private and confidential. This enables an open discussion that hopefully leads to the resolution of our concerns. Nevertheless, the Aegon Integrated Annual Report provides in-depth information on our financial and non-financial performance, including relevant references to Aegon's responsible investment activities as required under applicable laws and regulations.

Each engagement has a specific objective stated at the outset, which is formulated according to the engagement trigger. These objectives stem from the priority theme identified. Aegon Asset Management then contacts the most appropriate person in the company with whom to discuss the issue. For this engagement process, a milestone system is used to better track and communicate engagement efforts:

- Milestone 1 means that concerns have been flagged with the company.
- Milestone 2 means the company has responded, and the dialogue started.
- Milestone 3 is reached once concrete steps are taken to resolve our concerns, such as a public commitment made.
- Milestone 4 is reached only when the engagement goal has been achieved.

In some cases, Aegon Asset Management's assessment changes during the engagement and (after talks with the company) they may decide to no longer pursue the engagement due to a change in circumstances. The engagement is then categorized as "no further action required".

## Voting

Aegon's business units have limited exposure to equities in their GA. However, they are expected to exercise any voting rights associated with their shareholdings in their general accounts where possible.

## **Approach to exclusions**

Although we believe firmly in being active owners of our investments and using our influence to change the behavior of the companies in which we invest, there is never a guarantee that our engagement and voting efforts will be successful. Engagement efforts may fail to yield immediate results, and we understand some companies need time to adapt. On occasion, companies are not responsive to our calls, are unwilling to make the required changes, or have difficulties in addressing shortcomings in what we consider to be an acceptable timeframe. Under such circumstances, Aegon must decide on the most appropriate course of action, which can include the possibility of selling our holdings in the company and/or adding it to our Exclusion List.

We also choose not to invest in certain companies and countries by default because we deem them to be causing or contributing to significant harm to people and/or the planet. For companies, including majority-owned subsidiaries of such companies, these exclusions are generally driven by the products and services they offer. For countries, they are typically related to human rights abuses or similar violations of global norms.

The Exclusion List is compiled annually using the broadest available research universe offered by our specialist ESG data providers. Therefore, since it is subject to the availability of appropriate research data, it should not be considered as a fully comprehensive list of issuers involved in excluded activities. For the avoidance of doubt, we expect asset managers to exclude those issuers identified in the Exclusion List.

When an issuer is added to our Exclusion List, no further investments can be made in securities issued by that issuer. By default, we will aim to sell any existing listed equity investments in a newly-excluded company within a three-month period. For fixed income investments in a newly-excluded company or country, we may continue to hold the investments until maturity, but we will actively try to sell these investments on an ongoing basis.

Our Exclusion List is not applied to investments in agricultural loans, index products and index replications (such as index-based derivatives, such as futures or options, or structured credit), and indirect exposures including but not limited to commercial mortgage loan tenant exposures (provided the tenant is not the borrower).

# Governance

## Management and oversight

Aegon's Executive Committee oversees operational issues and the implementation of Aegon's strategy. The Executive Committee has ultimate responsibility for the execution of this policy and for its integration into investment strategy and other relevant company processes and practices. The Executive Committee also has the responsibility to ensure that the policy is fit for purpose by accurately reflecting Aegon's corporate values and aligning with relevant frameworks and guidelines (Appendix: References).

The Global Sustainability Board ("GSB") is responsible for monitoring, discussing, and advising the Executive Committee on all subjects and issues deemed relevant for the proper execution of the policy. This includes deciding upon any changes to the policy's responsible investment topics and Exclusion List.

Day-to-day oversight and administration of the policy fall to the Corporate Sustainability department and its working group(s).

## Conflict of interest

There may be a conflict of interest if we invest in a company that has a business relationship with us. In these circumstances, we put the interests of our clients first. When conflicts arise, we will identify where our fiduciary responsibility lies and act in accordance with Aegon's Code of Conduct and Speak Up Policy.

## Update procedure

This policy is reviewed on at least an annual basis to ensure that it continues to reflect Aegon's sustainability strategy, Aegon's values, and current market practices. The policy is made available publicly on Aegon's website.

We value the opinion of our clients, regulators, business partners, and other stakeholders including civil society, and aim to remain in contact with our stakeholders. This exchange of ideas provides relevant input for our internal discussions and decisions on RI topics.

# Change log

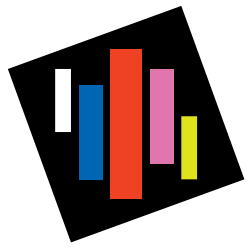
| Version | Date          | Author/<br>updated<br>by | Comments  | Approved by               |
|---------|---------------|--------------------------|---|---------------------------|
| 1.0     | October 2017  | RISC                     | First publication<br>October 10, 2017   | Aegon Management Board    |
| 2.0     | March 2018    | RISC                     | Tobacco exclusion   | Aegon Management Board    |
| 3.0     | October 2018  | RISC                     | Minor changes<br>in country exclusion   | RI Strategy Committee     |
| 4.0     | February 2019 | RISC                     | Oil sands and<br>pipeline exclusion   | Aegon Management Board    |
| 5.0     | January 2020  | RBIC                     | General update and<br>coal exclusion revision   | Aegon Management Board    |
| 5.1     | January 2021  | RBIC                     | General annual update<br>and review   | Aegon Management Board    |
| 5.2     | January 2022  | GSB                      | Addition of net-zero<br>commitment; revision<br>of governance and<br>exclusion criteria   | Aegon Management Board    |
| 5.3     | March 2022    | GSB                      | Addition of Russia- and<br>Belarus-based exclusions   | Aegon Management Board    |
| 6.0     | October 2023  | GSB                      | Revision and restructuring<br>following completion<br>of the combination of<br>Aegon's Dutch pension,<br>life and non-life insurance,<br>banking, and mortgage<br>origination activities<br>with a.s.r. | Aegon Executive Committee |

# References

The below serves as a non-exhaustive list of organizations, frameworks, and guidelines that have informed or served as a reference for the content of this policy:

- Aegon Group's Financial Economic Crime Statement
- International Responsible Business Conduct Agreement
- Net-Zero Asset Owner Alliance
- OECD Guidelines for Multinational Enterprises
- Paris Pledge for Action
- Treaty on the Non-Proliferation of Nuclear Weapons
- The Tobacco-Free Finance Pledge
- UNEP FI Principles for Responsible Investment (PRI)
- UNEP FI Principles for Sustainable Insurance (PSI)
- UN Universal Declaration of Human Rights
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- U.S. State Department's State Sponsors of Terrorism list

All of Aegon Group's sustainability commitments are available publicly at <https://www.aegon.com/sustainability/our-commitments>



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