



2018 Responsible Investment Report

Making the link: building a better, more sustainable world

About this report

Welcome to Aegon Asset Management's 2018 Responsible Investment Report. The aim of this report is to provide a clear, comprehensive overview of our responsible investment strategy, solutions and performance. The report is intended for all stakeholders, but will be of particular interest to our clients. This report should be read in conjunction with Aegon N.V.'s 2018 Integrated Annual Report, available online at www.aegon.com. For more information on our approach to this report, please see page 40.

Notes & definitions

- Throughout this document, 'we', 'our', 'us' refer to Aegon Asset Management. Our parent company – Aegon N.V. – may be referred to as 'Aegon' or 'the Company'. Along with its member companies, Aegon N.V. may be referred to as 'Aegon Group' or the 'Group'. For the purposes of this report, 'member companies' shall mean, with respect to Aegon N.V., those companies consolidated under Dutch legislation relating to consolidated financial accounts.
- Though practitioners and academics now agree on the merits of responsible investment, there is still debate over what responsible investment means exactly and how it should be integrated into investment decisions and strategies. Over the years, various terms have emerged to describe its meaning and with it, a variety of interpretations. We have used a number of these terms in this report, which we define as follows:
 - ESG: environmental, social and governance factors that may affect the performance of a company or asset.
 - Responsible investment or investing: a broad term used to describe various approaches to incorporating responsible investing principles or practices into the investment decision-making process as well as dedicated or focused responsible investment solutions.
 - Responsible Investment products, funds and strategies: this relates to products and funds that use ESG factors as a basis for specific investment strategies. This includes Socially Responsible Investment (SRI), ethical and best-in-class funds.
 - Impact investments: supporting companies which have a mission to provide positive societal or environmental benefits in addition to generating positive financial returns.
- Please note that not all products, funds or investment strategies referred to in this report are available to all investors. In addition, certain products, funds or strategies may be closed to new investors.
- Information in this report relates to Aegon Asset Management (with the exception of reporting against the Task Force on Climate-related Financial Disclosures, see page 28; this relates to Aegon N.V., our parent company). Data covers all Aegon Asset Management companies and entities, and refers to the period January-December 2018, unless otherwise stated. Joint venture companies have been included on a pro rata basis. Information relating to Aegon is clearly labeled 'Aegon' or 'Aegon N.V.'.
- In this report, reference is made to Aegon's Responsible Investment Policy. We apply this Policy to all assets managed by Aegon operating entities (where Aegon has management control). Our approach (including exclusions) may differ for assets we manage on behalf of third parties.



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We use our investment management expertise to help people achieve a lifetime of financial security.

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Foreword from our CEO, Sarah Russell

Chief Executive Officer, Aegon Asset Management

"We must be willing to tell our story - a story that goes beyond the factual and engages stakeholders with our beliefs."

We are clear about our purpose

At Aegon Asset Management, we are clear about the role we play to support Aegon's purpose – using our investment management expertise to help people achieve a lifetime of financial security.

We understand that, to fulfill Aegon's purpose, our actions must be focused. They must be supported by both a clear, comprehensive strategy and relevant policies. To make a real difference, we must also engage and work with others. These actions are interdependent. To create the greatest impact, we must be willing to tell our story – a story that goes beyond the factual and engages our stakeholders with our beliefs, to convey our emotions and, importantly, to create trust – trust from those we work with, and from those who rely on us for a lifetime of financial security.

A lifetime of financial security

At Aegon, as part of our Responsible Business strategy, we believe that a lifetime of financial security requires smart planning, promoting healthy lifestyles and offering the right solutions at every stage of our customers' lives. As responsibility for retirement income shifts from governments and employers to the individual, we believe it is important to help customers make the right choices for a secure future and healthy, prosperous lives.

The power of a healthy lifestyle supports our customers, so they can not only enjoy a fulfilling retirement, but can also participate fully in the workforce and maximize their savings potential. For society, Aegon continues to develop and promote thought leadership around secure retirement and healthy aging – through our Center for Longevity and Retirement. As we anticipate the possibility of 'outliving our savings' while observing the rising cost of long-term and old age care, we add our voice to the discussion that is so important for the state, employers and our customers.

And finally, we believe there is a clear relationship between well-being and the environment we, and future generations, will live in. As a substantial and long-term investor, we intend to use our investment power to support a cleaner and healthier environment.

Story telling to engage the heart as well as the mind

This report is the story of Aegon and Aegon Asset Management's contributions to our purpose. Our story is also about engaged and proud colleagues who have a personal belief in what they do, defining a committed, professional approach that we believe can make a difference – for our customers, society and for our environment.

Not everything set out in this report is new. Making a difference is also about continuing our commitment to actions that have shown a positive impact. It is also about recognizing that not every action has a clear and straightforward path. Rather, we must be open and transparent about the dilemmas we face and how we tackle them.

To be a responsible investor, we must also continue to evolve. From exclusion to engagement and now including impact, we are learning from the past to take greater steps, emboldened by experience. We support those initiatives that find a common way to communicate, a taxonomy that helps society to understand and measure our steps, as well as the steps of others, and the gaps that, together, we still need to close.

At Aegon, we also believe in the power of personal stories – stories that must first engage our employees around our purpose, that show we understand and can see others' perspectives, especially around the needs of our customers, society and for a clean environment. In our 2017 Responsible Investment report, I shared the story of devastating Australian bushfires. Climate change did not hold the match, but its contribution to the catastrophic conditions that led to such loss of property and, tragically, life can and must be acted upon. I have also told colleagues the story of my grandmother and my mother, and how their affliction with Alzheimer's has shaped my approach to security and well-being in my retirement.

This report is our story. Tell someone yours.

Sarah Russell

About Aegon Asset Management

Aegon Asset Management is an active investment manager. At the end of 2018, we managed EUR 316 billion in assets for clients across Europe, the Americas and Asia.



Aegon Asset Management

- **Aegon Asset Management North America**
Cedar Rapids, Baltimore, Chicago
EUR 102.6 billion
- **Aegon Asset Management Netherlands**
The Hague
EUR 71.4 billion
- **Aegon Asset Management Central & Eastern Europe**
Budapest
EUR 2.1 billion
- **Aegon Asset Management Spain**
Madrid
EUR 1.8 billion

- **Kames Capital**
Edinburgh, London
EUR 41.4 billion

- **TKP Investments**
Groningen
EUR 26.2 billion

Joint ventures

- **Aegon-Industrial Fund Management Company (AIFMC)**
Shanghai
EUR 16.4 billion
- **La Banque Postale Asset Management (LBPAM)**
Paris
EUR 54.1 billion

Note: numbers for assets under management have been rounded

We use our investment management expertise to help people achieve a lifetime of financial security.

Our business

Aegon Asset Management is part of the international financial services group Aegon N.V. Aegon's history goes back to the first half of the nineteenth century. Today, Aegon is active in more than 20 markets worldwide, providing insurance, savings, pensions, mortgages and asset management to 28.5 million customers. Aegon Asset Management CEO, Sarah Russell, is a member of the Aegon N.V. Management Board.

As Aegon Asset Management, we focus on excellence, trust and partnership. We understand the importance of investing for the long term – and delivering sustainable outperformance. Our purpose, as a business, is to use our knowledge and expertise to help people achieve a lifetime of financial security.

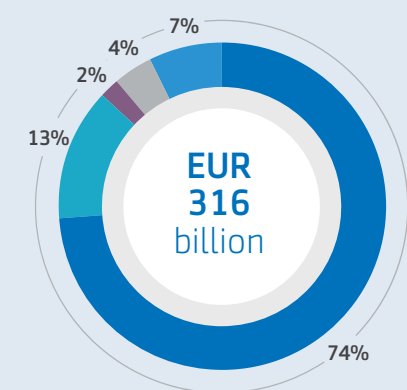
Aegon Asset Management is headquartered in the Netherlands. We have operations in the US, UK, Spain, Central & Eastern Europe and Asia. In the UK, we operate as Kames Capital, and in the Netherlands as both Aegon Asset Management and TKP Investments. We also have two strategic partnerships. In China, we have a 49% stake in Aegon Industrial Fund Management Co. (AIFMC), and in France a 25% share of La Banque Postale

Asset Management (LBPAM) – the investment management arm of the French postal service. These joint ventures give us access to distribution and growing markets. Recently, we simplified our corporate structure – to be more efficient. In 2018, we brought our European activities under single management. And, at the beginning of 2019, we merged two Dutch legal entities – TKP Investments B.V. and Aegon Investment Management B.V.¹

Aegon Asset Management offers an extensive range of investment strategies across asset classes – including fixed income, equities, alternative investments, multi-asset, and real estate. We also provide pooled funds, segregated accounts, and advisory and fiduciary services. Responsible investment is an essential part of our approach. Worldwide, our clients include pension funds, banks, financial companies, and wealth managers, as well as retail investors. We also work with charities, foundations, endowments and public sector institutions. As well as third-party clients, we manage assets on behalf of Aegon's insurance companies. Aegon Asset Management has a Client Investment Solutions Center, and works directly with clients around the world, providing advice and research to help develop customized investment strategies.

¹ Despite the merger, we will continue to operate in the Netherlands under both our Aegon Asset Management and TKP Investments brands.

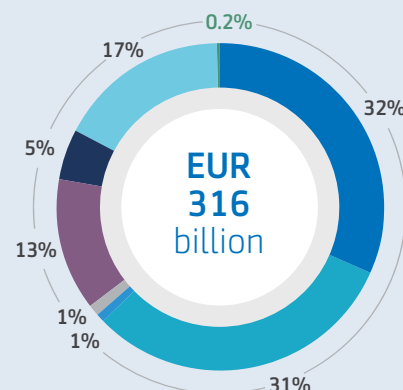
Assets under Management
(by asset class %)²



- Fixed Income
- Equities
- Real Estate
- Mortgage Loans
- Alternatives/Others

Please note that, in the chart above, listed real estate is included under equities. Aegon Asset Management Netherlands' Dutch Mortgage Fund(s) is included under Fixed Income.

Assets under Management
(by location %)



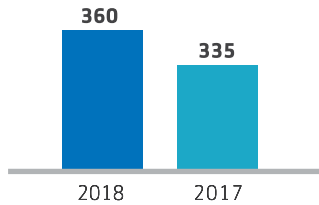
- Aegon Asset Management North America
- Aegon Asset Management Netherlands
- Aegon Asset Management Central & Eastern Europe
- Aegon Asset Management Spain
- Kames Capital
- Aegon-Industrial Fund Management Co. (AIFMC)
- La Banque Postale Asset Management (LBPAM)
- Saemor & Pelargos

² Assets under management at end-2018. Figures for joint ventures in China and France are included on a pro rata basis according to Aegon Asset Management's shareholding. Fixed income includes both our Dutch Mortgage Fund and mortgages originated by Aegon the Netherlands. Mortgages covers US mortgages only (residential, commercial and agricultural). Real estate excludes Aegon Asset Management Netherlands' Real Estate Investment Funds.

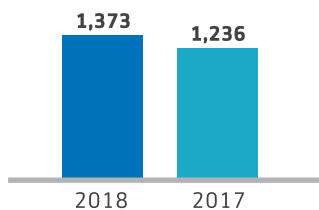
Key figures and Highlights of 2018

Key figures

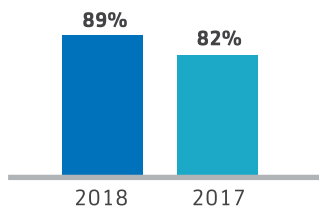
As part of its approach to responsible investment, Aegon Asset Management engaged with 360 companies.



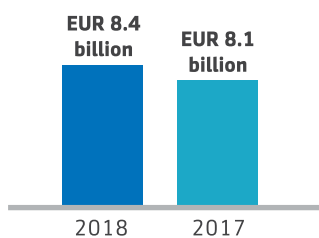
As an active shareholder, we cast votes at 1,373 shareholder meetings during the year.



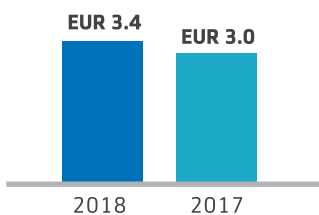
In 2018, 89% of eligible Aegon Asset Management staff completed ESG training³.



We had nearly EUR 8.4 billion in impact investments in areas such as affordable housing and renewable energy.



We also had EUR 3.4 billion under management in our socially responsible investment funds in the UK, Netherlands and Hungary⁴.



Highlights

Aegon stops investments in tobacco and key oil sands companies⁵. Approximately EUR 1 billion in investments will be sold or run off following the decision.

Along with other Dutch insurers and pension funds, Aegon the Netherlands agrees new responsible business covenants with government, NGOs and trade unions.

Aegon Asset Management and the European Investment Fund (EIF) sign an agreement to provide EUR 120 million in loans to small and medium-sized companies in the Netherlands.

Roelie van Wijk-Russchen is appointed to a new role as Aegon Asset Management's Global Head of Responsible Business and Public Affairs.

Aegon Asset Management begins publication of white papers on sustainability issues, engagement and ESG integration.

Aegon the Netherlands supports the ambitions set out in the Dutch National Climate Agreement, and signs up to the Spitsbergen Ambition, aimed at reducing the country's carbon emissions.

ESG is now recognized as part of mainstream investing, according to new research from Newsweek Vantage and Maastricht University, backed by Aegon Asset Management.

In the US, Aegon Asset Management launches two new responsible investment strategies: High Yield ESG and Sustainable Fixed Income.

³ All investment staff are eligible for training (this includes portfolio managers, analysts and others directly involved in investment research and decision-making).

⁴ In addition to the UK, Netherlands and Hungary, Aegon Asset Management has separate sustainability funds in China. At the end of 2018, these funds had EUR 668 million under management.

⁵ For details on our exclusions, see page 23. Please note that our approach to exclusions may differ for assets managed on behalf of third parties.

Message from Roelie van Wijk-Russchen

Global Head of Responsible Business and Public Affairs



" We want to use our investments to make a difference – to help tackle climate change, reduce poverty and improve people's health and well-being."

Responsible Business defines how we intend to operate in society. People judge not only our products and services, but also how we conduct business. As Aegon Asset Management, we have to strike a balance between how we act on our markets and how we take into account societal and political views and expectations. One way to do this is via responsible investment, because that is where, as Aegon Asset Management, we believe we can have a significant impact and added value for society. Responsible investing is a key part of our parent company's approach to Responsible Business – and particularly its focus on financial security, well-being and a clean, healthy environment.

For most asset managers, responsible investment is no longer a niche activity. It is recognized as part of the mainstream. In recent years, we have seen a clear shift in attitudes towards sustainability. We see it in regulation and government policy – we see it in the United Nations' Sustainable Development Goals (SDGs). Most importantly, we see it in our clients – in the number of pension funds, financial institutions and even retail investors that, alongside financial returns, now also demand minimum social and environmental standards.

Our approach is changing and evolving – to keep pace with the changes in the world around us. Over the past year, we have pushed ahead with our ESG Next program, working with our investment teams to embed ESG factors fully into our investment decision-making. We have stepped up engagement, with a strong focus on climate issues. And we have also introduced new products for clients, including our Sustainable Fixed Income and High Yield ESG strategies in the US. In 2018, in the latest PRI assessment, both Aegon Asset Management and Kames Capital rated A+ for responsible strategy and governance⁶. In 2019, we will be expanding our global responsible investment team.

New phase

With responsible investment, we are now entering a new phase. If the first was about exclusion and the second about integration, the third will be about impact. For us, responsible investment is not only about risk-returns – it is about doing the right thing. Where we can, we want to use our investments to make a difference – to help tackle climate change, reduce poverty and improve people's health and well-being. Over the coming years, to implement the SDGs and the Paris Climate Agreement, we will need a huge shift in capital. Estimates suggest as

much as USD 4.5 trillion a year⁷. Over the past two years, responsible investments worldwide have grown by more than a third – they now account for nearly half of all assets under management in Europe and a quarter of all assets in the US⁸. We have seen significant progress. But we haven't seen that huge shift yet.

Sweet spot

To do so, we will need every link in the investment chain to play its part. As an investor, we have to balance often contending interests; we have to look for the 'sweet spot' – where we can deliver financial returns to our clients and benefit society as a whole. So, we need governments to create the right incentives – through public funding, budget guarantees, tax breaks and technical assistance – so that investing in areas like clean energy or sustainable real estate makes sense financially, as well as socially or environmentally.

We also need support from regulators and the companies we invest in; we need better reporting; we need clear rules and definitions – what exactly constitutes responsible investment? We also need more analysis, so we can apply social and environmental data more effectively, and correlate this data with investment performance.

Even though at Aegon Asset Management, we have a long track record – our first ethical fund dates back to the 1980s – responsible investment is still a relatively young science. That is why, as an investor, we are putting resources into research. In 2018, for example, we started work on a new ESG model for sovereigns. We have also been working with other investors – with the Institutional Investors Group on Climate Change (IIGCC), for example, and Cambridge University's Investment Leaders Group (ILG), which – as Aegon Asset Management's representative – I have the honor of chairing. At the same time, we have stepped up impact investments. By the end of 2018, we had nearly EUR 8.4 billion invested in areas like affordable housing, renewables and green bonds.

As an asset manager, our job is to deliver competitive financial returns to our clients; this is our focus – and will continue to be so. With the right environment, the right rules and regulations, we want to do more – not only deliver financial returns, but work to ensure our investments contribute to a more sustainable global economy.

⁶ Please note that PRI assesses performance across a number of different categories, including strategy and governance. See page 36 for details.

⁷ Source: UN Sustainable Development Goals Fund (SDGF).

⁸ At end-2018. Source: Global Sustainable Investment Review, 2018 (issued by the Global Sustainable Investment Alliance).

The Review uses the term 'sustainable investments', defined as 'an investment approach that considers ESG factors in portfolio selection and management'.

Operating environment

Our approach to responsible investment is shaped by the world around us. We operate in a fast-changing environment. Our business is influenced by social trends, by regulation and by financial markets. These factors are often interconnected; changes in society and politics, for example, may drive new regulation. We respond to these changes – through the products we offer, through engagement – and, where we can, we bring new thinking to investment strategies and performance.

- In recent years, it is clear that society's expectations are changing. There is increasing public awareness of climate change and the need to create new, more sustainable economic models. This is filtering through to public policy, particularly through the Paris Climate Agreement and the UN's Sustainable Development Goals (SDGs).
- At the same time, attitudes towards business are also changing. As a company, it is no longer enough just to make a profit, you must also take responsibility socially and environmentally. There is an expectation that business should play its part in helping mobilize resources to support the international development agenda. Investors also face more public scrutiny – particularly with regard to issues such as human rights, corruption and climate change.
- In the financial sector, we are also seeing an increase both in regulation and 'soft law'. Since the 2008-2009 financial crisis, regulators have emphasized the need for more effective consumer protection. As a result, we have new regulations on product design, capital, distribution and reporting. Increasingly, regulators are also interested in environmental and social issues. In the Netherlands, for example, new responsible business covenants have been introduced for the insurance, pension fund and banking industries. Meanwhile, the new EU Shareholder Rights Directive – alongside changes to the UK and Dutch Stewardship Codes – will require more transparency on engagement and voting.
- Among clients, there is more interest in responsible investing. We expect this trend to continue. The US, in particular, is growing rapidly. From 2016 to 2018, US responsible investments increased by 38%⁸. Meanwhile, more institutional investors are implementing 'sustainability' strategies internally – inevitably, this has an effect on their investment approach. Increasingly, pension funds are also applying ESG criteria to investments.

For the asset management industry, responsible investing is becoming a commercial imperative – part of the investment mainstream. Research has shown that incorporating ESG factors can bring added value – and does not necessarily require investors to give up financial yield in return for social or environmental benefits. Across the industry, we are seeing moves towards more reporting and disclosure, increased integration of ESG factors into investment strategies, more engagement, and more divestments in areas like thermal coal and tobacco.

+USD 30 trillion

In recent years, the market for responsible investing has grown significantly. At the start of 2018, responsible investments worldwide totaled USD 30.7 trillion, according to the latest Global Sustainable Investment Review.

85%

More US companies are publishing details of their sustainability performance. According to the US Governance & Accountability Institute, 85% of S&P 500 companies issued a sustainability report in 2017 - up from just 20% in 2011.

179

By the end of March 2019, the Paris Climate Agreement had been ratified by 179 countries and other parties. Together, these represent 89% of global greenhouse gas emissions, according to the World Resources Institute (WRI).

⁸ Source: Global Sustainable Investments Review, 2018 (published by the Global Sustainable Investment Alliance).

Responsible investment strategy

Aegon has a responsible business approach; responsible investing is a key part of that. Underpinning this approach is the conviction that, as a company, Aegon wants to make a positive contribution to society – through increased financial security, well-being and a clean, healthy environment. When investing responsibly, we have to balance various factors – not only the needs of society and our clients, but also regulation and the financial markets.

We have a clear, comprehensive approach to responsible investment built around:

- Investment analysis – ensuring we integrate ESG factors into our decision-making across asset classes and investment strategies.
- Active ownership – playing an active role as an investor, voting at shareholder meetings, engaging with the companies we invest in and, in some cases, excluding investment where this is in line with our policy.
- Responsible investment solutions and impact investments – developing new products, funds and strategies that offer a responsible approach, while also investing in assets that deliver not only financial returns, but also seek positive social and /or environmental impact.

To support our strategy, we have a clear system of governance – Aegon's Responsible Investment Policy sets out the Group's position on key social and environmental issues (see page 12).

We have a long history in responsible investment. Over the years, our approach has evolved. An initial focus on exclusions (for 'sin' sectors such as tobacco and alcohol) has given way to more integration, engagement and dedicated solutions and strategies. In the years ahead, we expect our strategy to evolve further, with more emphasis on impact investments that support long-term sustainable development.

Climate has been an important part of our strategy since 2014 – we invest in clean and renewable energy, engage extensively on climate change issues and, on behalf of Aegon⁹, are divesting from companies that derive 30% or more of their revenues from thermal coal or oil sands production. In 2018 – following our first report against recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) – we started to measure and benchmark part of the carbon footprint of our investment portfolio¹⁰, and carried out detailed analysis of different climate scenarios.

Responsible Business

Launched in 2018, Aegon's Responsible Business approach is built on three pillars:

- Financial security and well-being for customers
- Secure retirement and healthy aging for society
- Clean energy and sustainable real estate for the environment.

For Aegon, this is about helping people achieve a lifetime of financial security – this means smart, long-term financial planning. It also means healthylifestyles, redefining retirement, and building a cleaner environment. This Responsible Business approach is about addressing changes in society – particularly concerns about aging, climate and the long-term affordability of social healthcare systems.

The approach also means supporting the UN's Sustainable Development Goals – five in particular: No poverty, Good health and well-being, Affordable and clean energy, Decent work and economic growth, and Climate action; these are the goals Aegon believes are most relevant to its business.

As Aegon Asset Management, our principal contribution is through not only ESG integration and engagement, but also through investments in areas like renewables, green bonds, care homes for the elderly and affordable housing

For more information on Aegon Asset Management's contribution to the SDGs, please see page 24¹¹.

⁹ See page 2 for all notes, references and definitions; these include definitions of scope with regard to both Aegon and our approach to exclusions.

¹⁰ In 2018, we measured the carbon footprint of our Dutch General Account and insurance-linked equity investments.

For more information, see our TCFD reporting from page 28.

¹¹ For more details on Aegon's strategy and approach to the UN SDGs, see the Company's 2018 Integrated Annual Report, available online.

Policy

Aegon's Responsible Investment Policy has been in place since 2011. It is reviewed annually – to take into account changes in best practice, regulation or society's expectations. The last major update was in 2017; this was to strengthen the Policy's focus, scope and governance. The Policy applies to all assets managed by Aegon companies¹², and sets a minimum standard across the Group. Within the Policy, however, there is sufficient flexibility for businesses to take a more local approach – to reflect differences in culture and client requirements. We do not apply the Policy to all third party assets; this is decided in discussion

with clients. Aegon's Policy is based on international ESG norms and standards¹³ – and defines Aegon Asset Management's ESG integration and engagement process.

Aegon's Policy also sets out the Company's position on a number of controversial social and environmental 'themes' (where the Company regularly receives inquiries from clients, employees and other stakeholders). In each case, Aegon bases its position, as far as possible, on internationally-recognized treaties or conventions.

Theme	Aegon Group's position	International treaty/convention
Tobacco	Tobacco is one of the main risk factors for chronic diseases, including cancer and heart disease. As a group focused on health and well-being, Aegon does not believe investing in tobacco is compatible with its corporate strategy. It has decided, therefore, to stop all investment in tobacco companies.	<ul style="list-style-type: none"> • World Health Organization Framework Convention on Tobacco Control
Controversial weapons	Aegon considers weapons that have an indiscriminate and disproportionate effect on civilian populations as unacceptable. These weapons include anti-personnel mines, biological and chemical weapons, and cluster munitions (but not nuclear weapons – see below). Aegon excludes investment in companies involved in the development, production, trade and maintenance of these weapons.	<ul style="list-style-type: none"> • Anti-personnel Mine Ban Convention (known as the Ottawa Treaty) • Biological Weapons Convention • Chemical Weapons Convention • Convention on Cluster Munitions
Nuclear weapons	The Nuclear Non-Proliferation Treaty recognizes only the US, UK, France, Russia and China as existing nuclear powers. We do not invest in companies involved in the production or maintenance of nuclear weapons for any other country.	<ul style="list-style-type: none"> • Treaty on the Non-Proliferation of Nuclear Weapons
Controversial arms trade	The controversial arms trade involves supplying conventional weapons to conflicts or regions where there is a substantial risk of human rights violations. We believe that the primary responsibility in this area lies with government; we are, however, committed to monitoring companies with heightened risk, and do not invest in companies that provide weapons to countries subject to embargo by the UN Security Council, US or EU.	<ul style="list-style-type: none"> • UN Arms Trade Treaty
Human and labor rights	On behalf of Aegon, we expect the companies we invest in to uphold international human and labor rights (providing a safe and healthy working environment, encouraging diversity, combating discrimination and any forms of child or forced labor, ensuring fair wages and freedom of association etc.). We also expect companies to have an explicit human rights policy covering their own operations and supply chain.	<ul style="list-style-type: none"> • UN Global Compact • Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • International Labor Organization standards • OECD Guidelines on Multinational Enterprises
Climate change	We expect companies to combat climate change where they can, to report on their greenhouse gas emissions, to pursue energy efficiency and support the energy transition. We exclude some coal and oil producers from investment; these are the least diversified and the most at risk from government regulation.	<ul style="list-style-type: none"> • Paris Climate Agreement • UN Sustainable Development Goals • UN Global Compact

¹² This includes investments for General Account (assets on the balance sheet of Aegon companies), investments for account of policyholders (insurance-linked assets on the balance sheet of Aegon companies) and Third Party (revenue-generating assets under administration or management by Aegon companies). Aegon's Responsible Investment Policy is available online at www.aegon.com.

¹³ These standards include the Principles for Responsible Investment, the OECD's Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights. For more details on these and other international conventions, see page 42.

Theme	Aegon Group's position	International treaty/convention
Tax, fraud and corruption	We expect companies to pay taxes in the countries where they have operations. We support the OECD's framework on base erosion and profit shifting, aimed at tackling tax avoidance. We also expect companies to maintain ethical business practices, free from fraud or corruption, in their own operations and supply chain.	<ul style="list-style-type: none"> • OECD framework on base erosion and profit shifting
Nature, environment and biodiversity	In their activities, companies should care for nature and the environment, minimize damage, and help preserve biodiversity where possible. We believe that companies with heightened risk should comply with the UN Convention on Biological Diversity and should report regularly on measures taken.	<ul style="list-style-type: none"> • UN Convention on Biological Diversity
Animal welfare	Animal welfare should be taken seriously, particularly by companies in the livestock and food sectors. We expect these companies to recognize animals' Five Freedoms and to take steps to reduce animal suffering.	<ul style="list-style-type: none"> • Five freedoms (Farm Animal Welfare Council, UK)
Sovereign governments	Aegon does not invest in government bonds or other government debt from countries that systematically breach human rights. We believe countries should uphold internationally-recognized human rights standards. We use international sanctions and embargoes (imposed by the UN Security Council, US or EU) as a guide in this area.	<ul style="list-style-type: none"> • Universal Declaration of Human Rights

Governance & Responsible Investment team

Aegon has a Responsible Investment Strategy Committee (RISC). This Committee oversees implementation of Aegon's Responsible Investment Policy. The Committee is made up of representatives from across Aegon, including Aegon Asset Management. The Committee is chaired by the CEO of Aegon Americas. The RISC is supported by a technical committee, responsible for ESG integration, voting and engagement, and comprising portfolio managers, research analysts, risk managers and specialist staff. The RISC works closely with Aegon's Risk and Compliance departments; it also advises Aegon's Management Board on matters relating to responsible investment. The Committee regularly considers investment 'dilemmas', and seeks to balance risk-return with meeting broader social expectations.

Alongside these committees, we also have a Climate Working Group (CWG); this group has been in place since the start of 2017. It meets quarterly to discuss Aegon's response to climate change, as well as developments in public policy and disclosures. Members of the CWG are drawn from across Aegon – including representatives from risk management, investment analysis, regulatory affairs and responsible investment.

At Aegon Asset Management, we have a dedicated responsible investment team. This team acts as a knowledge hub – and supports our efforts in engagement, voting, product development

and research. In 2019, we will expand our team to fourteen, including a new position in the US; we will also bring in a specialist on climate change. Expanding the team will also support new product development; the team works closely with Aegon Asset Management units worldwide. During the year, we will also look to further strengthen our governance, particularly in improving coordination between local businesses and implementing Aegon's Responsible Investment Policy.

ESG integration

Companies' sustainability performance can affect their value – and their ability to deliver returns to investors. We use ESG integration as a way to improve the risk-return profile of the investments we make. At Aegon Asset Management, our aim is to integrate ESG factors into our investment decision-making across all asset classes. We focus on ESG factors that are material from a financial or risk perspective.

Our ESG integration process is based on a number of steps: we evaluate available ESG information; using this information, we identify key ESG issues, assess the possible impact both on the investment and on our client's position; finally, we determine the appropriate action to take – this may mean deciding whether or not to invest, or to increase or decrease our holding in a particular company or asset.

To implement this approach, we provide our portfolio managers and analysts with access to ESG data. Where relevant, we include ESG information in our investment analysis summaries, or 'tear sheets'. We take in ESG data from various third-party sources. At Aegon Asset Management, we also provide training for our portfolio managers and analysts. In 2018, more than 89% of eligible staff took part in the PRI Academy's ESG training course.

ESG Next

ESG risks vary by sector and asset class. It is clear that the mining sector, for example, faces very different risks to those faced by transport or agriculture. That is why we take a tailored approach to ESG integration. Through the ESG Next program, our responsible investment specialists work directly with individual investment teams – to deepen their use of ESG data. Together, they perform 'deep dives' to determine exactly how ESG should be applied to specific sectors or asset classes, and where they believe ESG analysis, ultimately, could bring most value to our clients. This gives our investment teams 'ownership' of the process – ultimately, it is up to them to decide what weight to give to ESG factors. Since the introduction of ESG Next, we have worked with our sovereign, emerging markets and credit teams. We will continue to roll out ESG Next in 2019.

We believe integrating ESG will strengthen our investment approach across all asset classes. As a science, however, ESG integration is still evolving. More research is needed from both academics and practitioners. In 2018, we published papers on ESG integration in both the Netherlands and the US; these white papers were the direct result of our ESG Next program.

Applying ESG to European sovereign bonds

In 2018, Aegon Asset Management Netherlands published a white paper on the opportunities and challenges related to ESG integration in European sovereign bond portfolios.

The paper looks at government performance on a range of indicators – from energy security to spending on health and education, political stability and corruption. Crucially, it makes a connection between this performance and financial returns. This allows us to 'group' countries based on their level of development and select not only the best performers but also the 'improvers' – so that we can identify countries that show clear progress on ESG issues. The white paper advocates an optimal ESG integration process, including a 'top-down' quantitative analysis in conjunction with a 'bottom-up' qualitative credit analysis.

Timeline: Responsible investing at Aegon Asset Management

1987

– Our US business makes its first investment in Low Income Housing Tax Credits.



1989

– Kames Capital launches its first ethical fund.



2004

– TKP Investments launches its first SRI fund.



2008

– Kames Capital signs up to the UN Principles for Responsible Investment (PRI). Aegon Asset Management follows suit in 2011.



2010

– Aegon Asset Management develops its first responsible investment framework



2011

– Aegon adopts a global Responsible Investment Policy.



2012

– Aegon Asset Management joins the Global Real Estate Sustainability Benchmark (GRESB).



2013

– ESG training is made mandatory for portfolio managers and analysts.



2015

– ESG ratings are integrated into credit research reports.



2016

– Aegon introduces its new Responsible Business approach.
– Kames Capital launches its first global sustainable equity fund.



2017

– ESG Next is launched to further embed ESG in daily investment decision-making.
– Aegon begins reporting against TCFD recommendations.

Responsible investment solutions and strategies

In addition to ESG integration, Aegon Asset Management also offers dedicated responsible investment products, funds and strategies¹⁴. Given increased demand, we have been expanding these in recent years. Typically, these products, funds and strategies are aimed at clients who want a more 'ethical' or 'sustainable' approach to investing. Our aim is to outperform the market – and deliver better returns to clients, usually by screening out companies with poor ESG performance or by focusing within sectors on sustainability 'leaders' and 'improvers'. We have responsible investment products, funds and strategies in the US, Netherlands and UK, covering both equities and fixed income. We also have a small climate-themed investment fund in Hungary, and offer green funds via Aegon Industrial Fund Management Co. (AIFMC), our joint venture in China. At the end of 2018, our socially responsible funds (SRI), excluding China, had EUR 3.4 billion under management, almost 80% more than they had five years before (see charts below).

- Kames Capital has three ethical funds: its Ethical Equity Fund, Ethical Corporate Bond Fund and Ethical Cautious Managed Fund. The first of these – the Ethical Equity Fund – will be thirty years' old in 2019. Exclusions from these funds are based on direct consultation with clients. In addition, Kames Capital also has a Global Sustainable Equity Fund (GSEF), launched in 2016. Investments are split between social impact (65%) and environmental (35%). In the US, GSEF will complement our High Yield ESG and Sustainable Fixed Income strategies, launching in 2019.
- In the Netherlands, TKP Investments has its MM World and European Equity Index SRI funds. Together, these funds manage approximately EUR 1.7 billion in investments, mostly

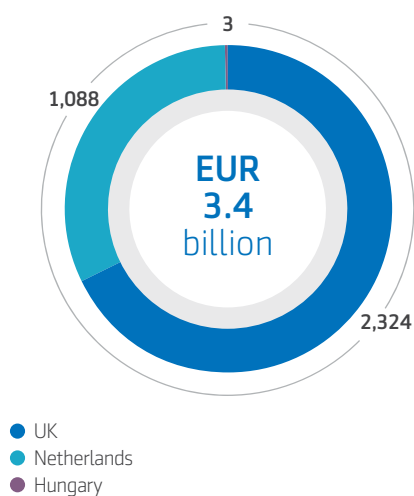
from pension funds. These two SRI funds operate a best-in-class approach, investing only in companies that meet minimum sustainability performance standards. Investments are made across sectors, including IT, financial services and healthcare. ESG criteria are also important in TKP Investments' MM Long Term Investment Fund – precisely because of the fund's long-term investment 'lens'. TKP Investments also works closely with Aegon on sustainable infrastructure – and, in 2019, will launch a new global green bond fund.

In addition to the TKP Investments' funds, Aegon Asset Management Netherlands manages GRIF, its Government-Related Investment Fund. This fund invests mainly in bonds and private placements, issued by European public entities, including housing authorities and local government. Under the terms of the fund, we aim to invest at least half the fund's EUR 500 million in projects that bring direct social or environmental benefits.

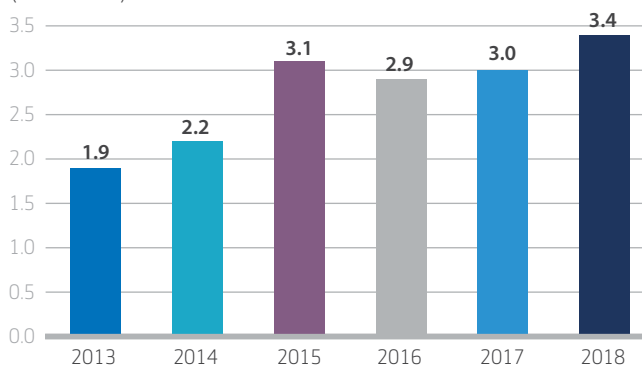
- In the US, interest in responsible investing has clearly increased. In 2019, Aegon Asset Management US launched two new investment strategies – as part of a Responsible Investment Solutions platform. The first is a High Yield ESG strategy, which uses proprietary ESG analysis to identify investment opportunities: ESG leaders and companies with most potential. The second is a Sustainable Fixed Income strategy, investing in issuers that may benefit from the long-term shift to sustainability – in areas like health and well-being, aligned with the SDGs. Both strategies are research-driven, and offer clients the opportunity of competitive returns through a responsible approach to fixed income investing.

¹⁴ Please note that not all products, funds or investment strategies referred to in this section are available to investors in all countries (including the US). See our website (www.aegonassetmanagement.com) for more information on rules and limitations governing our products, funds and strategies.

SRI funds, Assets Under Management by country (end-2018, EUR millions)



SRI funds, total Assets under Management 2013-2018 (EUR billions)



Figures do not include China. Our SRI funds in China use different criteria. At the end of 2018, assets under management in these funds totaled EUR 668 million. Aegon Asset Management's Government-Related Investment Fund (GRIF) in the Netherlands has also been excluded from these figures. Please note that not all products are available to investors in all countries. In addition, certain funds may not be open to new investors.

Our impact as an investor

Our investments may have a positive impact on society. Through our investments, for example, we may create jobs and drive future economic growth. But we recognize that, in certain circumstances, our investments may also have negative consequences for society.

We try to limit this negative impact – to make our investments more sustainable, as we are doing with our real estate portfolio. We also invest in areas like renewables and affordable housing that seek to deliver not just financial returns, but also clear social and environmental benefits. At the end of 2018, these ‘impact investments’ totaled EUR 8.4 billion (see charts below).

Sustainable real estate

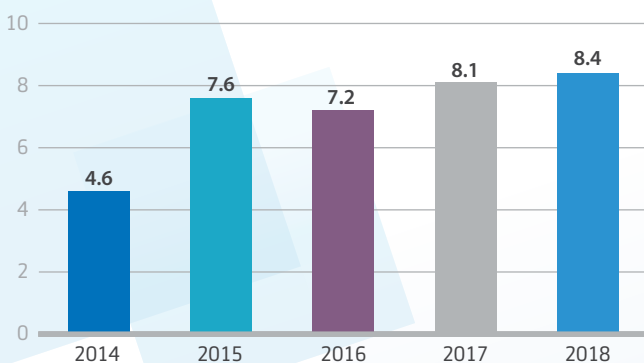
Aegon Asset Management has significant investments in property. At the end of 2018, we had just over EUR 6.1 billion in real estate assets under management. Our portfolio covers mainly retail, industrial and commercial property. These investments give us an important opportunity to help in the fight against climate change: the ‘built environment’ – homes, offices and factories – accounts for an estimated 40% of worldwide greenhouse gas emissions¹³. By making our properties more efficient (in terms of energy or water consumption, for example), we lower risk and costs for our tenants, as well as reducing our impact on the environment.

Our real estate investments date back to the 1980s. So we have considerable experience – we already use ESG criteria to help improve our properties’ environmental performance. Most of our properties are managed directly by us. We also invest in affordable and social housing.

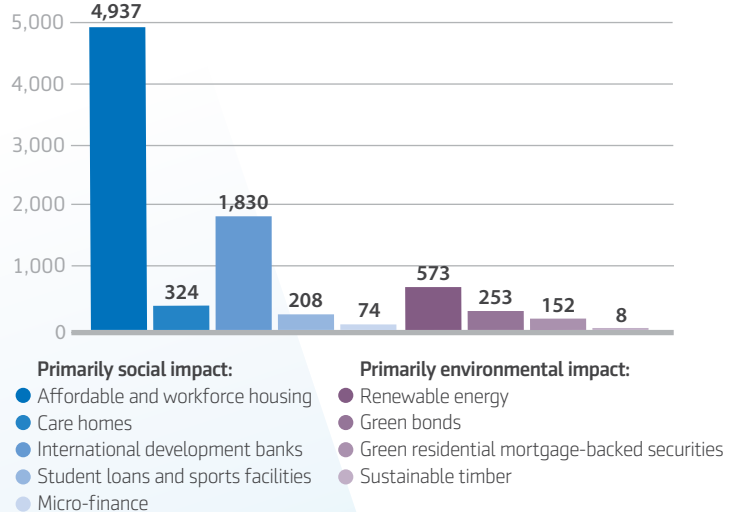
We now want to bring our investments closer together, pool the experience we have, and create a more coherent ‘Aegon’ approach to sustainable real estate investing – as well as raising awareness of the importance of real estate in combating climate change. We have already started work on this. We have a working group with representatives from our US, UK and Dutch businesses. In 2019, this group will agree a new action plan, looking at possible commercial opportunities – and at how real estate investments can be linked to Aegon’s longer-term climate goals. The group will also discuss further cooperation on GRESB.

¹³ Source: GRESB (Global Real Estate Sustainability Benchmark)

Total impact investments, 2014-2018
(EUR billions)



Impact investments by category, end-2018
(EUR millions)



Primarily social impact:

- Affordable and workforce housing
- Care homes
- International development banks
- Student loans and sports facilities
- Micro-finance

Primarily environmental impact:

- Renewable energy
- Green bonds
- Green residential mortgage-backed securities
- Sustainable timber

Investments in sustainable and social housing

<p>US</p>	<p>In the US, we invest in affordable housing. This is done through the government's Low-Income Housing Tax Credit (LIHTC) program. Our investments cover more than 350 separate properties, providing housing for families earning no more than 60% of local median salaries. These investments also meet Community Reinvestment Act (CRA) requirements (the CRA obliges banks and other financial institutions to invest in local communities; currently, we have more than 40 investors across the banking, insurance and technology sectors). Since 2003, our US business has invested EUR 3.3 billion in low-income housing tax credits on behalf of institutional investors. LIHTC has had bipartisan support in the US since it was launched in the 1980s.</p> <p>As part of LIHTC, we invest in veterans' housing, providing homes for former servicemen and servicewomen. On any one night, around 40,000 veterans sleep rough because of a lack of suitable housing; approximately half served in Vietnam. Construction on our first property – in southern California – was completed in early 2018. We currently have two other properties under construction, also in southern California. Combined, these properties represent an investment of around USD 20 million.</p> <p>In the US, Aegon Asset Management also invests in affordable housing mortgage loans, and workforce housing. With workforce housing, we are currently targeting 17 cities across the US, including Seattle, Los Angeles, Denver, Las Vegas and Miami. We focus on families who rent out of necessity – and on areas where there is access to both employment and amenities. Many US cities face shortages of reasonably-priced homes for wage earners such as police officers, nurses and teachers.</p>
<p>UK</p>	<p>In the UK, Kames Capital has six directly-managed property funds. These funds invest exclusively in commercial property like shopping centers, industrial estates, offices and retail outlets; one fund specializes in care homes. In total, Kames Capital manages around EUR 2.3 billion in property investments. These are managed actively – we use GRESB to measure and benchmark performance. We also work with tenants to identify improvements (in areas like energy efficiency, engagement with the local community etc.). To support this approach, we have set clear environmental goals – to reduce total greenhouse gas emissions from our properties or reduce waste going to landfill, for example. In 2019, Kames Capital will start measuring the social, as well as the environmental, impact of these investments – in areas such as health, employment and community cohesion.</p>
<p>Netherlands</p>	<p>In the Netherlands, we have a Global Listed Real Estate fund. This has around EUR 1.1 billion under management. The fund focuses on the best ESG performers in the sector. We have a number of measures to assess performance, including GRESB – and use results to engage with the companies we invest in. The fund follows the latest official French SRI label¹⁵ governance standards; this is to incorporate best practice and in anticipation of a new standard, likely to emerge from the EU's current sustainable finance action plan. In addition, TKP Investments has its European Real Estate Fund; this is a 'fund of funds' investing across Europe in housing, offices, retail space, hotels, industrial premises etc.; the Fund also uses GRESB to measure performance.</p> <p>Amvest – owned 50% by Aegon N.V. – concentrates on urban development; it puts a strong focus on sustainability. Aegon the Netherlands has around EUR 1.9 billion invested in property via Amvest. Together, Amvest and Aegon are developing a new vision for 'healthy living'. Amvest is also renovating properties in its portfolio to improve energy efficiency (its goal is to shift the properties' average label to B; A is the highest).</p>

Opportunity zones: In 2019, we will look at possible investment in new US opportunity zones. These zones were created as part of 2017 legislation to encourage economic growth and job creation in low-income communities. We have been investing in low-income housing tax credits for more than thirty years – and can apply this experience to opportunity zones.

Investment in these zones could bring significant tax advantages. Under the legislation, investors can defer capital gains tax; other tax benefits also accrue. More importantly, investment should help address social problems in these zones, including unemployment, poor levels of education and declining family incomes¹⁶.

¹⁵ ISR (Investissements socialement responsables), backed by the French Ministry of Finance.

¹⁶ Research from the Economic Innovation Group (December 2018) showed that, in designated opportunity zones, the poverty rate is nearly double the US national average; 71% of these zones meet the US Treasury Department's definition of 'severely distressed'.

Clean energy

Alongside sustainable real estate, we also invest in renewable energy to help create a cleaner, healthier environment. Clean energy is a key part of Aegon's Responsible Business approach; it is also built into both the UN's 2030 Sustainable Development Goals (SDGs) and the broader international climate agenda.

At the end of 2018, Aegon Asset Management had EUR 573 million invested in renewable energy. Our investments have been growing – though we still face a shortage of 'investable' projects that could provide investors with sufficient financial returns. At end-2018, we had investments in renewable energy in the UK, Netherlands and the US:

- UK: EUR 315 million in equities and bonds issued by renewable energy companies.
- Netherlands: private loans and credits to two wind parks – Tellenes in southern Norway and WindMW, off the north German coast. Together, these wind parks produce enough electricity a year for approximately 385,000 homes¹⁷. At the end of 2018, our investments totaled around EUR 110 million.
- US: investments in solar energy, benefiting from US federal tax credits (introduced in 2016 to promote solar power). At end-2018, we had approximately EUR 140 million invested through tax credits. In 2018, our investments provided the equivalent of 32,000 homes' annual electricity use¹⁸.

As well as clean energy, we also invest in green bonds and other 'green' securities. Proceeds from green bonds are earmarked for climate or environmental projects – to improve energy efficiency, for example, build flood defenses or provide clean water. The market for green bonds has been expanding rapidly. In 2018, bonds worth nearly USD 168 billion were issued¹⁹ – most by governments, public sector institutions and banks. Between them, the US and China accounted for nearly 40% of this amount; for its part, the Dutch government plans to issue its first green bond in 2019. It is clear that agreement on Green Bond Principles²⁰ – setting out clear guidelines and definitions for issuers – has supported market growth. The EU is also currently working on a 'Green Bond Standard' as part of its sustainable finance action plan. At end-2018, we had EUR 253 million invested in green bonds – and another EUR 152 million in green residential mortgage-backed securities, helping finance more energy-efficient homes. During the year, TKP Investments also made its first green bond investment.

Other impact investments

Aegon Asset Management also invests in development banks, student loans and micro-finance institutions. These investments bring primarily social impact, underpinning our Group's overall financial security and well-being strategy. At end-2018, we had just over EUR 1.8 billion invested in development banks; these banks promote economic growth in developing countries by

investing in industry, manufacturing and agriculture – to create jobs and improve living standards. We also support micro-finance institutions (MFIs); our investments here totaled EUR 74 million. These MFIs provide loans and savings accounts to more than three million people without access to traditional financial services. In the US, Aegon Asset Management had EUR 208 million in student loans and sports facilities via the federal Family Education Loan Program, aimed at helping children from low and middle-income families attend university.

Using GRESB

Aegon Asset Management joined GRESB in 2012. GRESB – or the Global Real Estate Sustainability Benchmark – brings together property managers, developers, investors and industry associations. GRESB measures ESG performance – the benchmark covers a number of areas, including energy efficiency, greenhouse gas emissions, and waste and water management.

More than 900 companies completed GRESB's 2018 real estate assessment, representing USD 3.6 trillion in investments. Aegon Asset Management already uses GRESB; the benchmark provides our investment teams with a basis for engagement, and a common measure to allow comparison – useful as we work to bring management of our sustainable real estate investments closer together.

¹⁷ Source: WindMW and Norsk Vind Energi (operators of the two wind parks)

¹⁸ Calculation made using the US Environmental Protection Agency (EPA) greenhouse equivalencies calculator. More details are available online at www.epa.gov.

¹⁹ Source: Climate Bonds Initiative (Green bonds – the State of the Market, 2018)

²⁰ Green Bond Principles – International Capital Market Association (ICMA); for more information, see www.icmagroup.org.

Active ownership and engagement

Aegon Asset Management takes an active approach to its investments. We seek to engage with the companies we invest in and exercise clients' rights to vote as shareholders. In doing so, our aim is to help improve performance and promote companies' long-term success. Through engagement, we encourage good Environmental, Social and Governance (ESG) practice – and work to maintain the standards set out in Aegon's Responsible Investment Policy.

Engagement

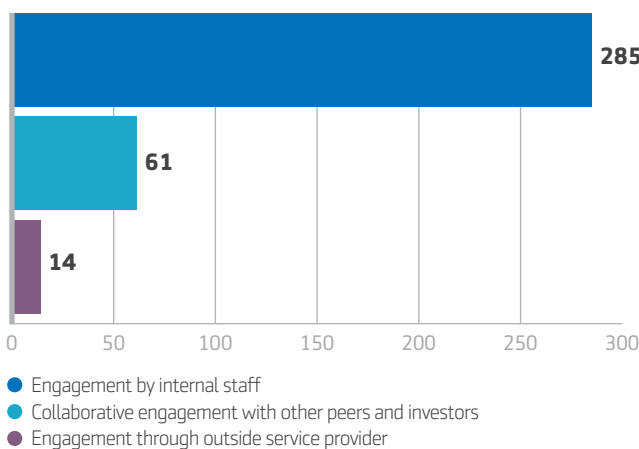
We believe in engaging and working with others – telling our 'story', but also listening to others' opinions and viewpoints. We have a dedicated engagement team, mainly responsible for engaging with the companies we invest in, both as a shareholder and bondholder. Engagement takes various forms. We may engage directly, or together with other investors to maximize our influence. We also engage via initiatives such as the Principles for Responsible Investment (PRI) or the Institutional Investors Group on Climate Change (IIGCC). Working in small groups of long-term investors can be very effective. Usually, we engage on behalf of our clients, including Aegon. But we may also engage on our own account. As part of our engagement, we have one-to-one discussions with company management – we set expectations, make commitments, send letters, sign statements and take part in investor roundtables on specific issues.

We also set priorities for engagement; we focus on companies with significant exposure to ESG risk, or where there is a 'red flag' – usually, a failure to comply with principles set out in the UN Global Compact (UNGC), covering issues such as human rights, labor, the environment and anti-corruption²¹. We may also engage reactively – in response to company or market developments.

In 2018, we engaged with 360 companies. Of these engagements, nearly two-thirds (64%) concerned corporate governance issues (management appointments, remuneration, Board diversity etc.); the remainder (36%) related to environmental and /or social topics such as climate reporting, tobacco use, coal financing, antibiotics in the livestock supply chain, deforestation, water management, gender diversity, and human rights (see table on page 21). In 2018, we put particular emphasis on climate issues – with large audit firms, for example, we discussed the importance of climate disclosures. In the Netherlands, TKP Investments focused its engagement on human rights, corruption and the environment, while in the UK Kames Capital concentrated mainly on governance issues.

For 2019-2020, we will also engage to support Aegon's broader strategic objectives, particularly related to climate and health, as well as the Sustainable Development Goals supported by these objectives (SDGs, see page 24). We will also engage 'thematically' – in key sectors, including utilities, healthcare, real estate, and oil and gas. In oil and gas, we intend to focus on methane (an important contributor to global warming) and on implementing science-based targets to reduce climate impact.

Number of companies engaged in 2018
(by engagement method)



²¹ The UNGC is the world's largest corporate sustainability initiative. Its ten principles cover the following areas: protection of international human rights, avoidance of human rights abuses, freedom of association and collective bargaining, forced or compulsory labor, child labor, discrimination in employment, precautionary approach to environmental issues, environmental responsibility, promotion of environmentally-friendly technologies, and corruption, extortion and bribery.

Divestment and engagement: Aegon examples from the tobacco and steel industries

	Tobacco	Steel
Overview of issues	Tobacco has been linked to cancer, heart disease and other chronic illnesses. An estimated 7 million people die each year because of smoking ²² . There are also economic consequences, particularly in rising healthcare costs.	Manufacturing steel is energy-intensive; the industry is a leading contributor to climate change. Currently, iron and steel accounts for 24% of all industrial emissions globally ²³ .
Main considerations	<ul style="list-style-type: none"> • Increased restrictions, particularly in Europe and the US (smoking bans, health warnings on cigarette packets etc.) • Aegon's position as a responsible investor and health insurer • Shift within investment industry (more insurers/asset managers taking the decision to divest) • Lack of clear, alternative business models for tobacco manufacturers. 	<ul style="list-style-type: none"> • Increased emissions controls and regulations on environmental performance • Efforts already underway in the steel industry to reduce emissions and invest in new environmentally-friendly technologies (such as CCS – 'carbon capture and storage') • Continued need for steel in manufacturing, building and new infrastructure • Aegon's emphasis on climate and clean energy as part of its Responsible Business approach.
Details of engagement	<ul style="list-style-type: none"> • Aegon signed the Tobacco-Free Finance Pledge alongside other investors • Continued to advocate for stricter implementation of the World Health Organization (WHO) Framework Convention on Tobacco Control • Called on Dutch Prime Minister Mark Rutte publicly to join Aegon and others in supporting the Tobacco-Free Finance Pledge. 	<ul style="list-style-type: none"> • We took part in an investor roundtable on climate, alongside representatives from the steel industry • Co-authored a report following the roundtable, setting out investor expectations • Put greater emphasis on 'pre-competitive collaboration' (engaging through small groups of institutional investors).
Decision and outcomes	Aegon decided to stop all investments; it was clear that investing in tobacco was not compatible with the Company's position as a responsible investor (even if this meant surrendering positive returns from tobacco holdings) – particularly given the clear link between smoking, cancer and other chronic illnesses.	With the steel industry, we decided to continue engagement. Divestment was not a viable option, given the continued need for steel. We have, however, set out clear expectations for the industry in three main areas: improving internal governance and oversight of climate issues; developing 'transition' plans to reduce greenhouse gas emissions; and improving TCFD disclosures.

Challenges of engagement

Engagement is not a straightforward process; research²⁴ shows that it is most likely to succeed if a company has concerns about its reputation – and has the management capacity to implement change. A strong business case also plays an important role. Of course, companies do not necessarily share our opinions – sometimes, they are reluctant to deal with sensitive issues. If a company becomes defensive, it is hard to engage effectively.

In our approach, we try to strike the right balance – we want to be positive, encouraging, but our engagement must also be

firm and fact-based. Our aim, ultimately, is to build constructive, long-term relationships with the companies we invest in. The way we engage also varies. Some issues can be solved in a few telephone calls; others require more persistence. In some cases, we engage alone; in others, it is more effective to engage collaboratively – alongside other investors. Research in this area is still in its infancy, so we are working with peers and getting more involved in academic research. We have restructured our engagement database, and we will be expanding our team and using research to start measuring progress within our engagement program.

²² Source: World Health Organization (WHO)

²³ Source: Financial Times – 'Cleaning up steel is key to tackling climate change' (January 2019).

²⁴ For more information, see Active Ownership, The Review of Financial Studies, December 2015, and Effective Shareholder Engagement: The Factors that Contribute to Shareholder Salience, Journal of Business Ethics, August 2010.

Collaborative engagement 2018 (examples)

Industry or sector	Platform for engagement	Issue	Action
Palm oil	Ceres, Principles for Responsible Investment (PRI)	Environmental damage, rights of indigenous communities	<ul style="list-style-type: none"> Signed investor letter urging the Roundtable on Sustainable Palm Oil (RSPO) to strengthen standards on sustainable palm oil.
Coal and extractives	ShareAction, Interfaith Center on Corporate Responsibility (ICCR)	Environmental effects from continued coal use in energy production	<ul style="list-style-type: none"> Direct engagement with banks and industrial companies on financing coal production Engaged directly with mining companies Voted in favor of climate change-related resolutions at major mining and energy companies.
Insurance	Stewart Investors	Development of micro-insurance	<ul style="list-style-type: none"> Letters sent urging financial companies in Latin America, Africa and emerging Asia to take the lead in developing and improving micro-insurance products for poorer communities.
Agriculture	Farm Animal Investment Risk & Return (FAIRR), PRI	Deforestation; land planning	<ul style="list-style-type: none"> Endorsed statement of support for the Cerrado Manifesto promoting zero-deforestation in the Amazon's Cerrado region²⁵. Signed PRI statement urging companies to reduce deforestation and other climate risk in soybean supply chain.
Utilities and energy	Institutional Investors Group on Climate Change (IIGCC), ICCR, CDP	Climate change, implementation of Paris Climate Agreement	<ul style="list-style-type: none"> Signed investor letter setting out expectations for decarbonization in utilities sector (in line with Paris Climate Agreement) Signed letter to US oil and gas companies following new Environmental Protection Agency (EPA) regulations to limit methane emissions Called on energy sector to increase disclosures on water management; the sector has had the lowest disclosure rate for eight consecutive years.
Plastics	PRI, As You Sow	Pollution, environmental damage	<ul style="list-style-type: none"> Signed letter calling for action by plastic and packaging manufacturers, retailers, consumers and transport companies to limit plastic pellet loss through the supply chain Engaged with global consumer goods companies on the environmental impact of plastic packaging.
Livestock	FAIRR	Use of antibiotics in food supply chain (leading to increased resistance to antibiotics in humans)	<ul style="list-style-type: none"> Continued support for FAIRR's work to reduce use of antibiotics on healthy livestock.

²⁵ The intention behind this statement is to demonstrate to agricultural producers in the region that there is sufficient financial support for a zero-deforestation approach; the statement is aimed primarily at companies that purchase soybean and meat from producers in the Amazon rainforest.

Voting

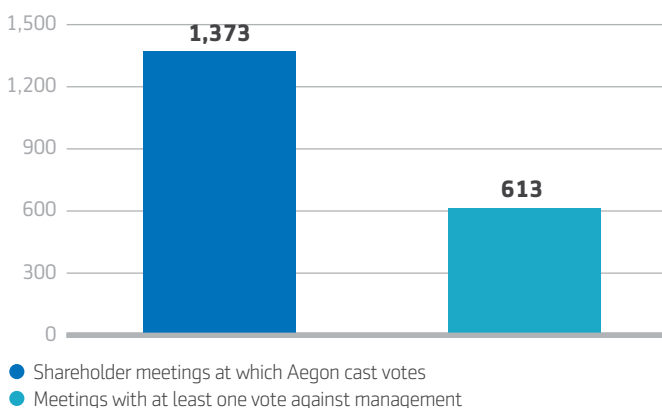
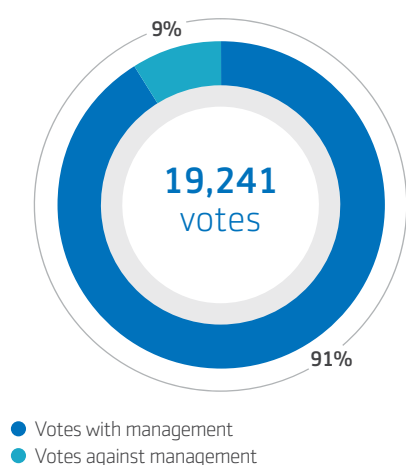
We vote regularly at shareholder meetings; voting is an important part of our overall approach to responsible investment. Similar to engagement, our aim, in voting, is to ensure our voice as investors is heard, to improve companies' performance – and to increase returns for our clients. Our approach to voting is also informed by engagement – where there are shareholder resolutions, we may vote for or against, or (more rarely) abstain, based on our engagement. Generally, we use proxy voting – this gives us access to outside expertise and helps save costs.

Mostly, we vote on behalf of our clients. Aegon has a Global Voting Policy²⁶ – in place since 2008. This Policy sets out company-wide principles for all units. It is supported by more detailed local policies in the Netherlands, UK and US. Voting policies are

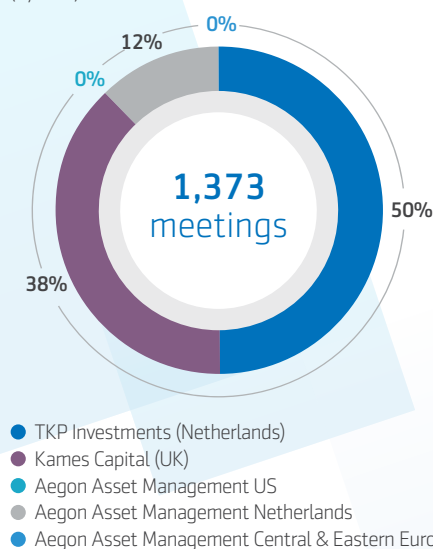
reviewed regularly to ensure they reflect new regulation and the latest developments in the investment industry.

In 2018, we voted at 1,373 shareholder meetings, up from 1,236 the previous year. Most of our votes cast relate to resolutions on corporate governance, but we are increasingly voting on ESG issues as these issues become more important both to the companies involved and to us as an investor. For us, voting is an important part of active ownership; it also aligns closely with our engagement activities. For example, we backed the *Follow This* resolution at Royal Dutch Shell's 2018 AGM, calling on the energy group to set long-term carbon targets in line with the Paris Climate Agreement – an issue discussed with Shell's management in the run-up to the AGM.

Votes cast in 2018

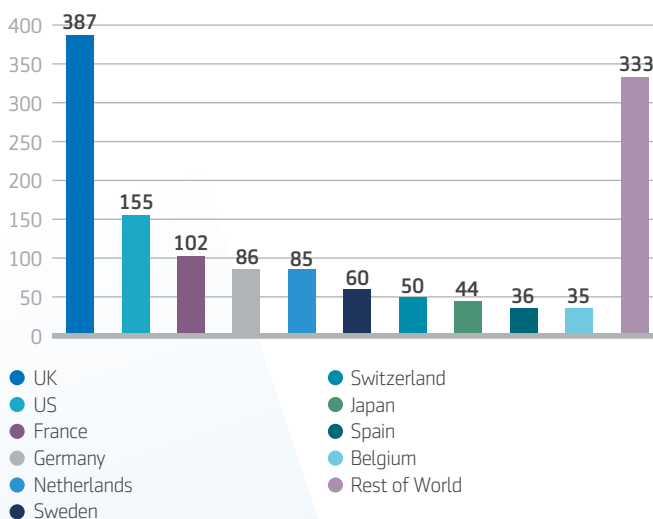


Number of meetings at which votes cast (by unit)



Regional differences, in part, reflect relative amounts invested in equities, as opposed to fixed income (votes can only be cast by company shareholders, not bondholders).

Votes cast by location of companies in which Aegon holds shares



For more information on Aegon Asset Management's voting in the Netherlands in 2018, see page 38.

²⁶ For Aegon's Global Voting Policy, see www.aegon.com/about/governance/

Exclusions

Generally – though engagement can be a long process – we prefer to engage rather than exclude. By excluding, we lose influence. We exclude some investments, however – where there is unacceptable risk or no scope for improving performance or transforming existing business models (the case, for example, with tobacco); these exclusions are set out in Aegon's Responsible Investment Policy.

On behalf of Aegon, we exclude companies involved in controversial weapons, thermal coal production, oil sands and tobacco²⁷. Additionally, we exclude investment in government bonds and other forms of debt from fifteen countries – where there are international sanctions in place, or evidence of systematic violations of human rights. Our exclusions support Aegon's Responsible Business approach; they are a response to clear health or environmental concerns and – in the case of coal and oil sands – are in line with our commitments under the 2015 Paris Pledge.

For other affiliated or third-party clients, there may be exceptions – usually because of client preference or specific fund structures. We do, however, engage with our clients, where possible, to suggest they apply the same exclusions²⁸.

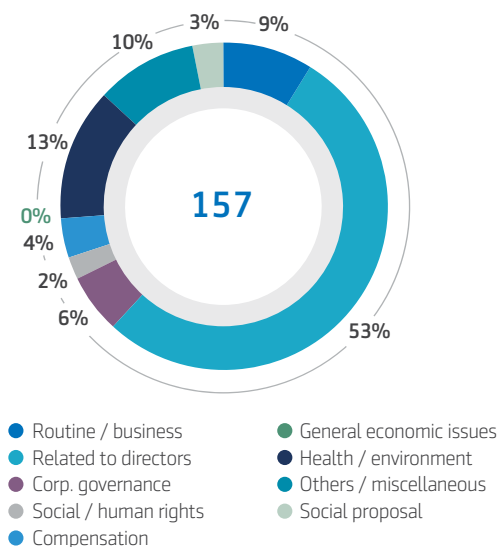
We also reserve the right to exclude other companies with a poor ESG record – if, after a period of engagement, they do not take sufficient steps to improve performance. In such cases, our Responsible Investment Strategy Committee (RISC) decides on next steps; divestment and exclusions are options we consider.

Exclusions (for assets managed on behalf of Aegon)	
Coal	All companies that generate 30% or more of their revenue from thermal coal exploration, mining or refining.
Tobacco	All tobacco companies (equity holdings have already been sold; fixed income investments, meanwhile, have been placed in run-off).
Oil or tar sands	All companies sourcing 30% or more of their production from oil sands; also all pipeline companies involved in the transport of oil sands.
Controversial weapons	All companies involved in the development, production, maintenance and trade of controversial weapons (including anti-personnel mines, biological and chemical weapons, cluster munitions and ammunition containing depleted uranium); also, companies that produce or develop key and dedicated components or offer essential services for their use.

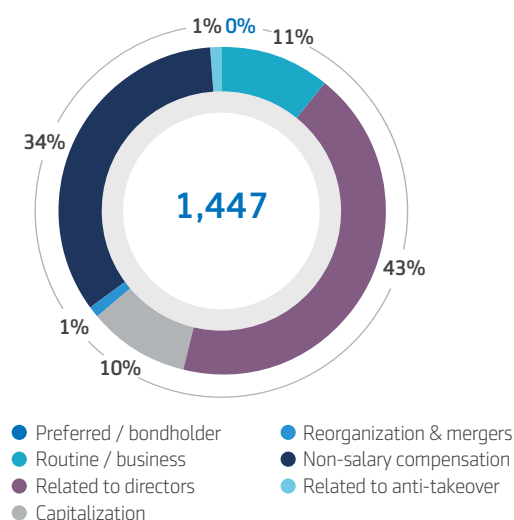
²⁷ A list of exclusions may be found online at www.aegonassetmanagement.com. Aegon the Netherlands also excludes investment in palm oil producers; the palm oil industry has been linked to problems with deforestation, poor labor rights and land grabbing.

²⁸ In some units – notably the Netherlands – exclusions are also applied to third-party investments.

Votes in favor of shareholder proposals by subject



Votes against management proposals by subject



Public policy

We take a structured approach to public policy. We engage with policymakers and other standard setters; we provide feedback on planned regulation. Our aim is to help regulators assess the impact of any changes on the industry and our clients. In this, we work closely with colleagues at Aegon Group, particularly on European and national policy issues. We engage on our own account, as well as through industry groups (see page 26 for a list). We are active, for example, as members of the Dutch Insurers' Association and Dufas – the Dutch Fund and Asset Management Association²⁹. In 2018, we engaged with policymakers on a number of ESG issues, including climate change, corporate sustainability standards, shareholder rights and the EU's sustainable finance action plan.

EU Shareholder Rights Directive (SRD II)

SRD II comes into force in June 2019. The new directive will increase reporting requirements. As an asset manager, we will be required to disclose not only our voting policy and record, but also our voting rationale. At a national level, the Dutch Stewardship Code has been updated, while in the UK changes are planned for July 2019; these updates aim at increasing both scope and reporting of investors' stewardship activities. As Aegon Asset Management, we support reporting – if done well, it increases transparency and trust in financial markets. Aegon Asset Management Netherlands, Kames Capital and TKP Investments all publish details of their voting (see page 40). We are currently looking at ways of providing more frequent updates on our voting activities.

EU sustainable finance

Aegon Asset Management has provided extensive feedback to the EU's Technical Expert Group (TEG) on Sustainable Finance; this group is working in four main areas: a classification system (the so-called 'taxonomy') defining, in effect, what constitutes an 'environmentally sustainable' investment; an EU-wide standard for green bonds; benchmarks for low-carbon investment strategies, and guidance to improve company reporting of climate-related information. The TEG's goal is to encourage more sustainable investment as part of the EU's 2030 sustainable finance action plan. In 2018, Aegon Asset Management signed a '2050 vision', urging EU policymakers to put in place an ambitious climate strategy with a clearly defined role for private investors.

Responsible Business Agreements (Netherlands)

Over the past few years, new responsible business covenants have been put in place in the Netherlands. These covenants – known officially as International Responsible Business Conduct (IRBC) agreements – are based on two frameworks: the OECD Guidelines on Multinational Enterprises and the UN's Guiding Principles on Business and Human Rights. Each covenant covers a specific sector. Aegon is directly involved in both the insurance and banking covenants; we are also involved in the pension fund covenant via our clients. These covenants are not legally binding; they have the status of 'soft law'. Each agreement is signed by government, business, trade unions and NGOs.

We believe these covenants will have significant implications, among them:

- A need for greater transparency (transparency will move from a 'nice-to-have' to a 'must-have'; this, in turn, will put greater emphasis on impact measurement and reporting, including carbon foot-printing of investments)
- Stronger application of international guidelines (the covenants do not stand alone; they are part of the overall international sustainable development agenda)
- More emphasis on due diligence, engagement and active ownership; as a result, we will need to take a broader view of ESG risks
- A need for more data (and more standardized data to enable comparison and better reporting).

Dutch National Climate Agreement

Under its National Climate Agreement, the Netherlands aims to almost halve carbon emissions by 2030 – in line with its commitments under the Paris Climate Agreement. Aegon supports efforts to reduce emissions. Alongside involvement in the National Climate Agreement via industry associations Dufas and the Dutch Association of Insurers, Aegon the Netherlands has signed the 'Spitsbergen Ambition' with nine other Dutch banks and insurers. Spitsbergen pledges Aegon the Netherlands to:

- Measure and report its climate impact
- Use climate scenarios and science-based targets in investment strategies (in line with the Paris Agreement's 'well below +2°C' target)
- Support governments in achieving national climate objectives
- Integrate climate goals to encourage 'positive action' within the company.

Aegon Asset Management will work closely with Aegon the Netherlands to meet these goals. Both Aegon the Netherlands and Aegon Asset Management are represented, via industry associations, on the financial sector task force, set up to support the National Climate Agreement.

UN Sustainable Development Goals (SDGs)

As a significant institutional investor, we support the UN SDGs. Genuine sustainable development will not be possible, in the long term, without cooperation between public and private sectors. The UN Conference for Trade & Development (UNCTAD) estimates that, to implement the SDGs, new investment will be required each year of between USD 5 trillion and USD 7 trillion. Aegon Group focuses on five SDGs – those most relevant to the Company's business. Within these SDGs, Aegon has selected specific targets; these are where the Company believes it can best contribute to the international sustainable development agenda.

Aegon Asset Management contributes to these goals through ESG integration and engagement, as well as through investment in areas like social housing, renewable energy and sustainable real estate. Both our UK Global Sustainable Equity Fund and US Sustainable Fixed Income strategy are mapped directly to the SDGs.

²⁹ Roelie van Wijk-Russchen, our Global Head of Responsible Business & Public Affairs, currently serves as Dufas' Chairman.

In search of impact

Over the past year, we have been working closely with Cambridge University's Investment Leaders Group (ILG) to develop performance metrics related to the SDGs.

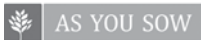








We are a member of the ILG – along with other pension funds, insurers and investment managers. The ILG's report






– 'In search of impact' – was launched at the beginning of 2019; it proposes metrics in six areas: resource security, healthy eco-systems, climate stability, basic needs, well-being and decent work; each one is linked directly to the SDGs. The result would be a dashboard, allowing investors to assess ESG performance at a glance. By doing so, it should give investors insight into real-world impacts – and help drive more investment towards the SDGs.

	Relevant SDG and underlying targets	Aegon Asset Management contribution	Link to Aegon's broader Responsible Business approach
	No poverty (SDG1) 1.2: By 2030, reduce at least by half the proportion of men, women and children living in poverty in all its dimensions, according to national definitions.	Significant investments in: <ul style="list-style-type: none"> Development banks, working for poverty reduction and job creation in developing countries – see page 18. Affordable social and workforce housing – see page 16. 	<ul style="list-style-type: none"> For individuals: Financial security and well-being For society: Secure retirement and healthy aging
	Good health & well-being (SDG3) 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and well-being.	<ul style="list-style-type: none"> Investment in UK and Dutch care homes for the elderly – page 17. Exclusion of tobacco from investment (to address health concerns over smoking) – page 23. Continued support for FAIRR's work to reduce use of antibiotics on healthy livestock – page 21. 	
	Decent work & economic growth (SDG8) 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	<ul style="list-style-type: none"> Investment in micro-finance institutions providing loans and savings to people without access to traditional financial services – page 18. Engagement with financial companies urging them to expand micro-insurance to poor communities – page 21. Inclusion of minimum labor standards in Group Responsible Investment Policy – page 12. 	
	Affordable and clean energy (SDG7) 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3: By 2030, double the global rate of improvement in energy efficiency. 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technology, and promote investment in energy infrastructure and clean energy technology.	Significant investments in: <ul style="list-style-type: none"> Renewable energy (primarily wind and solar power) – page 18. Green bonds and green residential mortgage-backed securities – page 18. Sustainable real estate (including efforts to improve energy efficiency in existing property holdings) – page 16. 	<ul style="list-style-type: none"> For the environment: Clean energy and sustainable real estate
	Climate action (SDG13) 3.2: Integrate climate change measures into national policies, strategies and planning.	<ul style="list-style-type: none"> Exclusion from investment of oil sands and thermal coal companies – page 23. Support for Dutch National Climate Agreement, aimed at substantially reducing carbon emissions – page 24. Engagement on climate-related issues (covering palm oil, coal financing, plastics, farming in the Amazon, utilities and energy) – page 21. Support for public and investor initiatives on climate change – page 26. Responsible Business covenants in the Netherlands, covering the insurance, pension funds and banking sectors – page 24. 	

For more information on Aegon Group's approach to the SDGs, see our 2018 Integrated Annual Report, available online at www.aegon.com.

Memberships and collaborative bodies

	Organization	Commitment
	As You Sow	As You Sow is a shareholder advocacy group, promoting environmental and social corporate responsibility. Aegon Asset Management is part of As You Sow's Plastic Solutions Investor Alliance, launched in 2018. As part of the Alliance, we have signed the Investor Declaration on Plastic Pollution.
	CDP (formerly Carbon Disclosure Project)	CDP encourages increased disclosure on environmental impact from investors, companies and government. Aegon has been a member at Group level since 2009.
	Ceres	The Ceres Investor Network focuses on climate risk and sustainability; the network comprises 163 institutional investors around the world – and organizes regular corporate engagement on sustainability issues.
	Climate Action 100+	Climate Action 100+ is an investor initiative aimed at ensuring the world's largest greenhouse gas emitters take necessary action on climate change. Aegon Asset Management joined Climate Action 100+ in 2017.
	Eumedion	Aegon Asset Management is an active member of Eumedion – a forum for institutional investors on corporate governance and sustainability topics.
	Extractive Industries Transparency Initiative (EITI)	EITI works for increased transparency and strong governance in the global oil, gas and minerals sector. Kames Capital is a member of the EITI. Where possible, we promote the advantages of membership to extractive companies we invest in.
	FAIRR – Farm Animal Investment Risk & Return	FAIRR works on ESG issues related to farming and agriculture. Aegon Asset Management joined FAIRR in 2016. In 2018, we took part in FAIRR's engagement on sustainable protein.
	Global Impact Investment Network (GIIN)	Aegon is a founding network member of GIIN, which works to improve the effectiveness of impact investing.
	Institutional Investors Group on Climate Change (IIGCC)	IIGCC is an investor network on climate change; the group works with business and policymakers, as well as investors to help mobilize capital for the transition to a more sustainable economy.
	Interfaith Center on Corporate Responsibility (ICCR)	ICCR brings together more than 300 institutional investors; its objective is to engage companies directly on ESG issues. In 2018, Aegon Asset Management took part in ICCR engagements on opioids and water management.

Organization	Commitment
	<p>ILG is a network of pension funds, insurers and asset managers working for responsible investment. ILG is supported by Cambridge University's Institute for Sustainability Leadership. It publishes regular research and acts as a platform to engage with regulators, lawmakers and other investors. In 2018, ILG discussed the EU's sustainable finance action plan directly with the European Commission. The ILG is currently chaired – on behalf of Aegon Asset Management – by our Global Head of Responsible Business and Public Affairs.</p>
	<p>IOA is a coalition of institutional investors, established in 2017. The IOA engages with manufacturers, distributors and retailers on ways to tackle the current opioid crisis in the US.</p>
	<p>Aegon Asset Management has been a signatory to the UN's PRI since 2011 (Kames Capital since 2008). Membership commits us to upholding the six principles for responsible investment and reporting annually on our progress. We are active in the PRI's methane working group.</p>
	<p>Aegon Group is a founding member of PSI, launched in 2011. PSI members commit to incorporating ESG into their business and investment decisions.</p>
	<p>ShareAction promotes responsible investment and works to improve company performance on ESG issues.</p>

In addition to those above, Aegon Asset Management is also a member of various other national organizations. These include: the UK Sustainable Investment and Finance Association (UKSIF) and VBDO (the Dutch Association of Investors for Sustainable Development). For details on our work with GRESB (the Global Real Estate Sustainability Benchmark), please see page 18.

Soapbox

In the UK, Kames Capital publishes regular articles on sustainable investing – through Sustainability Soapbox.

The blog takes an unashamedly positive view of sustainable investing. In the past year, Soapbox has covered various subjects, including electric vehicles, plastics, renewables, waste and natural disasters. It has also provided 'think pieces' on sustainable stock-picking and the UN's Sustainable Development Goals, even recently on why fairness – treating customers and other stakeholders fairly – may be a company's ultimate competitive advantage.

You can read our Sustainability Soapbox online at www.sustainability-soapbox.com

Reporting against external frameworks

Task Force on Climate-related Financial Disclosures (TCFD)³⁰

Climate change represents one of the biggest systemic risks for society, the economy and financial institutions. Mitigating climate change and reducing greenhouse gas (GHG) emissions are a major global challenge. Aegon believes that governments, companies and investors have a responsibility to facilitate a transition to a climate-resilient economy. Companies are expected to operate with the goal of enhancing energy efficiency, to invest in more environmentally friendly production techniques and to contribute and adapt to the energy transition.

This approach to climate change is captured in Aegon N.V.'s Responsible Investment (RI) Policy. Aegon N.V. has had an RI policy since 2011; it steers the Company's business and is reviewed annually.

The present disclosure builds on the content of Aegon's 2018 Integrated Annual Report, published in March 2019. It is made in respect of Aegon N.V. in its multiple roles as: an asset owner with EUR 804 billion in revenue generating investments, an insurer with annual gross premiums of EUR 19 billion, and asset manager with assets under management of EUR 316 billion. It builds on Aegon's initial 2017 disclosure and takes into account the final version of the Taskforce on Climate-related Financial Disclosure's (TCFD) recommendations, published in July 2017.

The TCFD's four-pillar framework provides guidance on disclosure and business integration of risks and opportunities resulting from climate change. Aegon strives to continuously enhance its reporting and business practices.

Governance

The Climate Working Group (CWG) is the primary body responsible for assessing and monitoring climate-related issues within Aegon. The CWG, a working group of the Responsible Investment Strategy Committee (RISC), meets quarterly to evaluate new climate developments affecting investment, insurance and our other business activities, and recommends further action when necessary. It is chaired, on behalf of Aegon, by a representative from Aegon Asset Management's Responsible Business & Public Affairs team, and comprises members from different functional areas across the Company including investment portfolio risk management, operational and underwriting risk management, investment analysis, investor relations and reporting, group strategy and sustainability, public affairs and responsible investment

The RISC is a Management Board-level committee which meets quarterly and is chaired by the CEO of Aegon Americas (who is also a member of Aegon's Management Board).

Climate-related issues assessed as relevant or material by the CWG and RISC are presented to Aegon's Chief Risk Officer and Aegon's Management Board through the quarterly risk management dashboard. The Management Board may then decide on management actions as appropriate.

Strategy

Risks

In Aegon's materiality assessment, climate change is included under 'social and environmental impacts of business activities and investments'. In the Company's latest assessment, the topic ranked relatively low in overall materiality. Nevertheless, Aegon is exposed to both physical and transition-related climate risk.

Physical risk: Aegon is exposed to mortality risk and mortgage underwriting risks, though has limited exposure to property & casualty (P&C) risk, including catastrophic risk. Beyond insured losses from physical damage, climate change can increase uninsured damages and losses, and may have disrupting and cascading effects on the wider economy and across the financial system.

Transition risk: Aegon is primarily exposed to transition risk indirectly, through changes to the value of assets and corresponding impacts on the Company's investment portfolio. Furthermore, it cannot be ruled out that Aegon itself is unable to adjust to international environmental and sustainability goals.

³⁰ Please note that these disclosures relate to Aegon N.V. The TCFD was set up by the Financial Stability Board in 2016; its recommendations, published in June 2017, are structured around four themes: governance, strategy, risk management and metrics & targets. For further details, see www.fsb-tcfid.org.

Aegon's principal short-term climate risk is related to reputation and litigation from failing, potentially, to take into account, or respond to, the effects of climate change, or to provide appropriate risk disclosure for Aegon or the companies in which Aegon invests. This could result in negative media coverage of Aegon's investments, which would have a moderate impact on the Company's business. Climate-related risks are discussed annually as part of Aegon's risk dashboard, and are included as disclosures in regular financial reporting. Aegon continues regularly to assess how climate change will impact the organization's businesses, strategy and financial planning

See Aegon's 2018 Integrated Annual Report (available online) for further details on the Company's approach to risk identification and materiality.

Opportunities

As an investor, Aegon has an important role to play in supporting the climate transition. By investing in new low-carbon technologies and improving the carbon footprint of the Company's real estate investments, Aegon aims to contribute to a cleaner, healthier environment. Climate change has been a focus of Aegon's investment strategy since 2014, and the Company continues to investigate opportunities arising from climate change and the energy transition. Aegon closely monitors regulatory and market trends to understand how these changes may influence the Company's business. Aegon translates these developments into new products and services designed to meet the needs of its clients now and in the future.

Actions

Aegon has taken a number of measures to address climate risk and capitalize on emerging opportunities, including:

- Expanding exclusions: stopping investment in oil companies that produce 30% or more of their total oil equivalent production from oil sands, and associated pipeline companies, which significantly facilitate oil sands export; average oil sands production is significantly more GHG intensive than conventional oil sources, and new oil sands developments are outside the allowable carbon budgets in all climate transition scenarios. This follows Aegon's decision in 2016 to exclude companies deriving more than 30% of their revenue from the exploration, mining or refining of thermal coal.
- Clean energy: increasing clean energy investments by the end of 2018 to over EUR 570 million, mainly in wind power and solar energy.
- Real estate: investing in greater energy efficiency in Aegon's real estate portfolio.
- Product development: different units within the business are tailoring their solutions to their local markets; for example, Aegon's US asset management business is

launching a Sustainable Fixed Income strategy and a High Yield ESG strategy and, in the Netherlands, Aegon offers green mortgages to retail customers.

- Investing in expertise: expanding the global Responsible Business & Public Affairs team within Aegon Asset Management to better serve client interests and respond to market developments (including managing ESG risks and capitalizing on emerging opportunities).
- Impact investment: increasing impact investments to over EUR 8.4 billion at end-2018. These investments contribute directly to the Sustainable Development Goals (SDGs) most relevant to Aegon's business – No poverty; Good health and well-being; Decent work and economic growth; Affordable and clean energy; Climate action.

Risk Management

Identification and Management

Climate change is a long-term risk associated with high uncertainty regarding timing, scope and severity of potential impacts. In 2018, Aegon carried out a review of climate risk in response to both stakeholder expectations and the potential impact on the Company's business and the communities in which it operates. The assessment covers several areas, including regulatory, strategic, underwriting and investment risk. All risks are assessed for both impact and likelihood.

The identification, assessment and evaluation of climate-related risks is one of the key functions of the CWG. This enables insight and knowledge on climate issues to be shared across the Company, allowing colleagues to leverage skills or expertise outside their functional area or business unit. If any risks are considered material, the CWG can develop a mitigation plan and present it to the RISC for implementation. In 2018, the CWG discussed a gap analysis of current reporting against the TCFD framework and a qualitative mapping of risks and opportunities. Additionally, it initiated a materiality and prioritization process to run quantitative climate risk analysis on investment portfolios and scenario analysis.

Aegon has a number of general measures in place to counter climate risk. These include continuous monitoring of relevant new legislative developments and regulations, participation in consultations with policymakers and other stakeholders, active membership in industry associations, risk diversification and new product offerings. Our RI policy also plays a key role by guiding our investment activities, from governance to ESG positions and exclusions.

Active Ownership

Engagement with corporates

As an institutional investor, Aegon expects companies to work towards reducing their environmental impact. Aegon engages with the companies it invests in – both individually and collectively through networks such as Climate Action 100+, UN Principles for Responsible Investment (PRI), Institutional Investors Group on Climate Change (IIGCC), Global Real Estate Sustainability Benchmark (GRESB) and ShareAction – to encourage better climate-related risk practices, including emissions disclosure and target setting. Climate change was one of Aegon's key engagement topics in 2018 and climate-related engagements and activities over the past year included:

- Supporting shareholder resolutions that encourage best practice in climate risk and disclosure, as well as setting GHG reduction targets in line with the objectives of the Paris Climate Agreement
- Co-authoring the IIGCC's 'Investor Expectations of Steel Companies', which sets out actions required from the steel sector to safeguard its future in the face of climate change
- Collaborating with other investors as part of Climate Action 100+, a coalition formed to engage with the boards and senior management of 161 of the world's largest corporate emitters, to reduce GHG emissions, strengthen climate-related financial disclosures and improve governance on climate change
- Contributing to the UN PRI's methane working group, which aims to tackle the threat of methane emissions through collaborative engagement with utilities and oil & gas companies
- Working together with ShareAction on the Investor Decarbonization Initiative to encourage companies to set science-based emissions reduction targets and make clean energy commitments
- Encouraging real estate companies to report their climate risks and opportunities according to the GRESB framework
- Participating in the investor group, which was regularly in dialogue with Royal Dutch Shell; this dialogue led to a company announcement on plans to set short-term targets to reduce Shell's net carbon footprint and link these targets to executive remuneration
- Supporting investor letters and statements outlining expectations for climate action, including open letters to: power utilities regarding the use of coal; accountancy firm on the subject of assurance of climate risk; oil and gas companies seeking support for cost-effective methane regulations; and agricultural producers regarding deforestation.

Engagement with policymakers

Aegon acknowledges the importance and necessity of government action in addressing climate change. The Company has made a number of international commitments that guide its internal practices and policies, and help shape its overall approach to sustainability. For example:

- In 2015, Aegon signed the Paris Pledge for Action, committing to quick and effective action to support implementation of the Paris Agreement and accelerating the transformative changes needed to meet the climate change challenge.
- In 2018, Aegon Asset Management endorsed the 'Letter from global investors to governments of the G7 and G20 nations'. This letter, signed by 400 global investors managing more than USD 22 trillion in assets, reiterates the investors' call for governments to continue to support and fully implement the Paris Agreement.

Engagement with policymakers is critical to shaping Aegon's investment environment, and Aegon works independently and in collaboration with industry groups to engage on key climate issues.

At the EU-level, Aegon has supported the European Commission's Action plan on financing sustainable growth by providing input on consultations, and has met with senior decision makers as part of the Investment Leaders Group (ILG) – a global network of pension funds, insurers and asset managers convened by Cambridge University's Institute for Sustainability Leadership (CISL) and chaired by Aegon Asset Management's Global Head of Responsible Business and Public Affairs

In the Netherlands, Aegon supports the Dutch Government's ambition for a National Climate Agreement. Along with other members of the financial services sector, Aegon has pledged to finance necessary investments within the compass of statutory and regulatory frameworks and risk-return objectives. Aegon also joined other financial industry leaders on signing the Spitsbergen Ambition, which commits the Company to reporting climate impacts and aligning its investment strategies with the Paris Agreement.

For further details on Aegon's active ownership and engagement activities, see page 19.

Scenarios, Metrics and Targets

Own Operations

Aegon's 2018 Integrated Annual Report includes data on the Company's environmental performance and GHG emissions. Aegon's main operations (US, Netherlands, UK and Asset Management) have been carbon neutral since 2016 by reducing emissions from their own operations and supporting offse projects in cooperation with the NGO ClimateCare.

Investments and Holdings

General Account:

For 2018, Aegon calculated the carbon footprint of some of its General Account investments. Measurement focused initially on assets held by Aegon the Netherlands; this was in response to interest from local stakeholders, including Aegon's own operations.

By assets under management, Aegon the Netherlands' General Account is approximately 73% sovereign fixed income, 15% corporate fixed income, and 12% other securities (primarily asset and mortgage-backed securities).

Results (General Account) are summarized in the table below:

	Unit	Corporate FI	Sovereign FI
Absolute Footprint	tCO ₂ e	223,000	4,967,000
Relative Intensity	tCO ₂ e/EURm AuM	134	335
Weighted Average Carbon Intensity	tCO ₂ e/EURm revenue	145	225
Carbon Risk / Vulnerability	(See notes)	11.19	62.86
Coverage	% AuM	50%	93%

Sovereign fixed income:

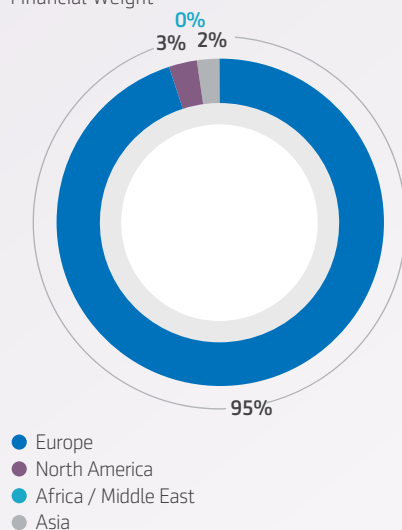
- Some 95% of holdings originate within the European Union, and the Netherlands has the highest weighting; as a result, the weighted average carbon intensity is slightly lower than that of the Dutch economy overall (241 tCO₂e/EUR million GDP).
- Aegon also measured climate vulnerability using the ND-GAIN Country Index, which scores and ranks countries based on their vulnerability to climate change and capacity to improve climate resilience³¹; with a weighted score of 62.86, Aegon's holdings rank between Spain (62.6) and Poland (63.1); this is 5% lower than the Netherlands (66.5).

Corporate fixed income:

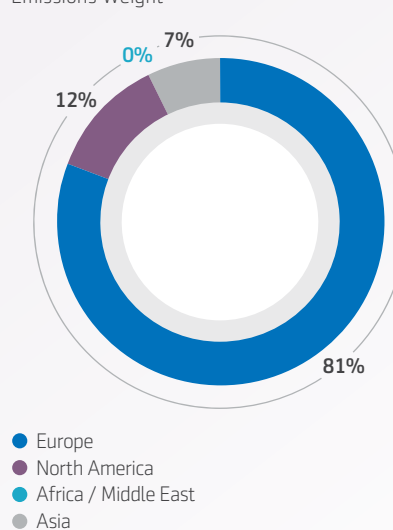
- Holdings are largely concentrated on European-based companies, though Asian and North American holdings have a disproportionate influence on emissions
- Emissions by sector are largely the inverse of their financial weighting – for example, Financials are the largest sector by weight, but Energy & Utilities are the largest by emissions. See also charts below and on page 32.

Corporate Fixed Income (by region)

Financial Weight



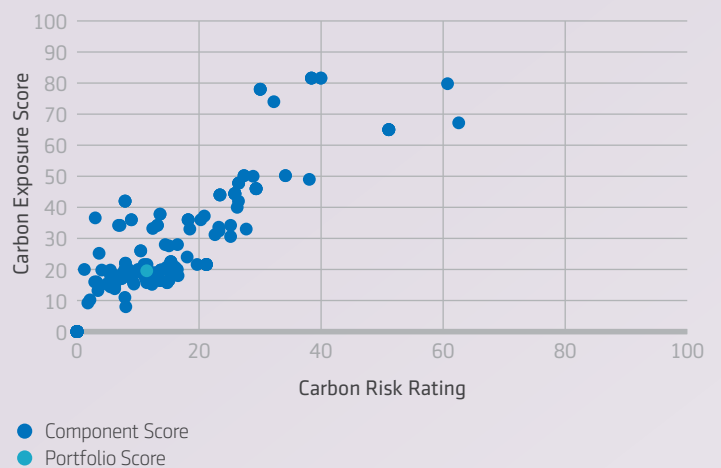
Emissions Weight



³¹ For more information, see www.gain.nd.edu/our-work/country-index.

- These holdings have a weighted average for carbon intensity almost 30% lower than the MSCI Europe Index (180.3 tCO2e/USD million revenue), which reflects Aego's divestment and exclusion activities.
- Aegon measured the climate risk of holdings using the Sustainalytics Carbon Risk Rating³², which assesses the degree to which company 'value at risk' is driven by the transition to a low-carbon economy. The rating looks at exposure and management across operations and products and services; Aegon's holdings have a weighted score of 11.19 – considered to be medium.

Carbon Risk Distribution (corporate fixed income)



Insurance-linked equity:

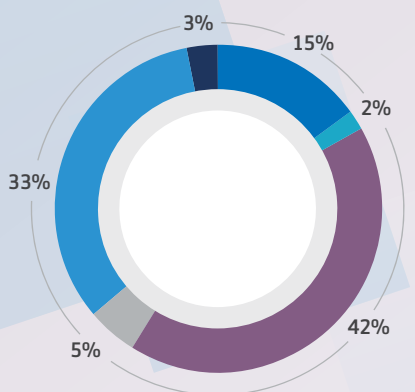
In addition to General Account investments, Aegon calculated the same metrics for its Netherlands-based insurance-linked equity holdings.

Results (insurance-linked equity) are summarized in the table below:

	Unit	Equity
Absolute Footprint	tCO2e	867,000
Relative Intensity	tCO2e/EURm AuM	114
Weighted Average Carbon Intensity	tCO2e/EURm revenue	208
Carbon Risk / Vulnerability	(See notes)	9.85
Coverage	% AuM	99%

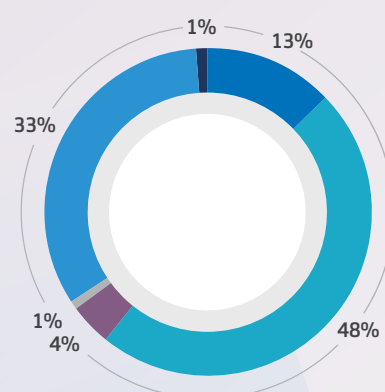
Corporate Fixed Income (by sector)

Financial Weight



- Consumer Products
- Energy & Utilities
- Financials
- Healthcare
- Industrial & Materials
- IT & Telecom

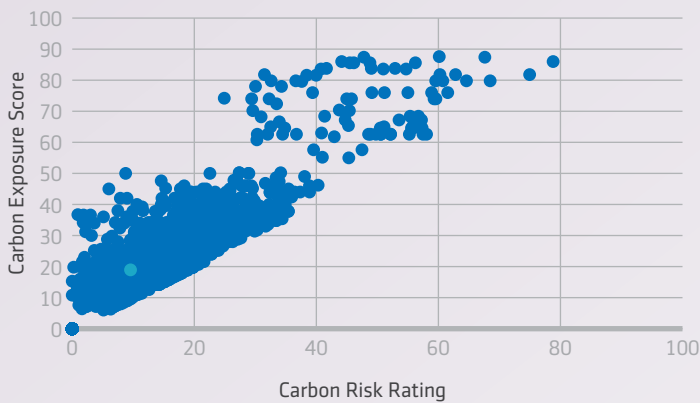
Emissions Weight



- Consumer Products
- Energy & Utilities
- Financials
- Healthcare
- Industrial & Materials
- IT & Telecom

³² For more information, see www.sustainalytics.com/carbon-risk-rating/

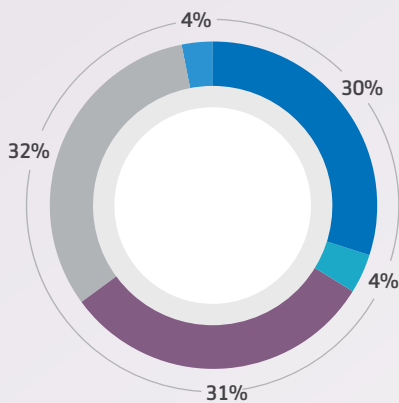
Distribution (insurance-linked equity)



- Holdings are evenly distributed geographically, though European holdings have a marginally larger influence on emissions.
- Emissions by sector are largely the inverse of their financial weighting – for example, Financials are the largest sector by weight but Energy & Utilities are the largest by emissions.
- The holdings have a weighted average for carbon intensity almost 15% lower than the MSCI ACWI index (213.4 tCO₂e/USD million revenue), which reflects Aego's divestment and exclusion activities.
- The holdings have a Carbon Risk Rating of 9.85 – considered to be low. See also charts below.

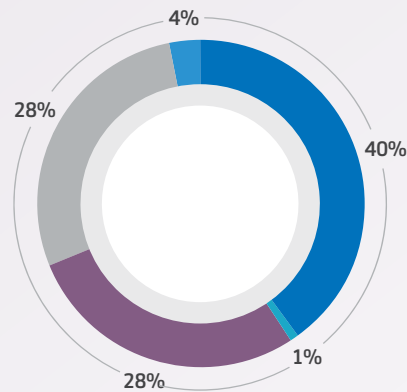
Insurance-linked equity (by region)

Financial Weight



- Europe
- Asia
- Africa/Middle East
- South America
- North America

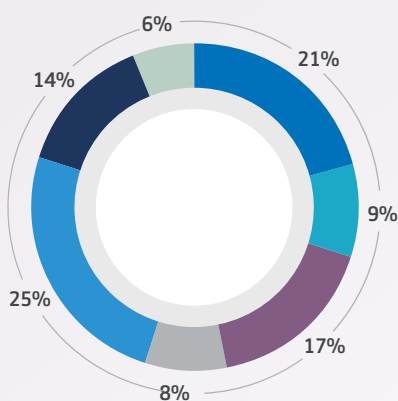
Emissions Weight



- Europe
- Asia
- Africa/Middle East
- South America
- North America

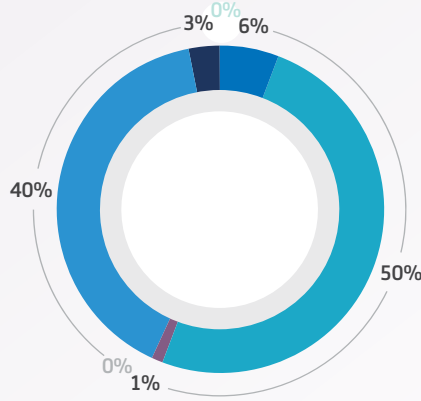
Insurance-linked equity (by sector)

Financial Weight



- Consumer Products
- Industrial & Materials
- Energy & Utilities
- IT & Telecom
- Financials
- Real Estate
- Healthcare

Emissions Weight



- Consumer Products
- Industrial & Materials
- Energy & Utilities
- IT & Telecom
- Financials
- Real Estate
- Healthcare

Methodology:

For corporate equity and fixed income, metrics were calculated using the methodology outlined by the Platform Carbon Accounting Financials (PCAF). However, due to data availability, calculations for sovereign fixed income were completed using country-level emissions and GDP. Weighted average carbon intensity was calculated using TCFD recommendations. Further investigation will be required to identify an appropriate methodology and corresponding data sources for asset-backed securities, mortgages, and other asset types currently not included in Aegon's calculations.

Scenario analysis

Aegon worked recently with Ortec Finance to carry out a climate risk assessment to test the Company's current investment strategy against various global warming scenarios. This assessment covered Aegon's General Account and insurance-linked assets in the Netherlands, and projected asset performance through to the year 2100 under four scenarios:

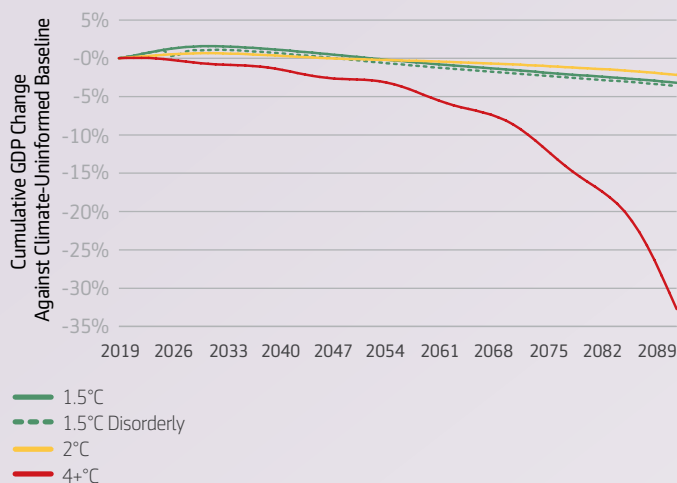
- Orderly transition to 1.5°C, where significant actions are taken to transition to a lower carbon economy, achieving net zero emissions around 2050 and limiting additional physical climate changes
- Disorderly transition to 1.5°C, where actions are taken to limit global warming to 1.5°C, but only following abrupt implementation of policy measures, technology changes, changes in consumer sentiment or the emergence of new legal risks
- 2°C transition, where strong actions are taken to transition to a lower carbon economy, achieving net zero emissions by 2080 and minimizing further physical climate change
- 4°C (or higher) – no significant actions are taken to limit global warming; impacts are dominated by physical changes brought on by irreversible climate damage.

Findings from this assessment include:

- For a globally diversified investor, transition to remain below 1.5 / 2°C warming, even a severely disorderly one, is preferable to a 4°C world. However, there are material differences across regions – the result of variations in energy efficiency and dependence on carbon-intensive production and exports.
- Globally, transition to limited warming of 1.5°C may bring significant opportunities for economic growth, perhaps even above current market expectations; the infrastructure investments required, research & development and employment generated would be strong drivers of growth and competitiveness – and the more orderly the transition, the more pronounced these economic and investment opportunities become.
- There is a narrow window of opportunity to keep 1.5°C within reach – around ten years; the time to act is now, even though physical climate-related risks may only become financially material over a longer period

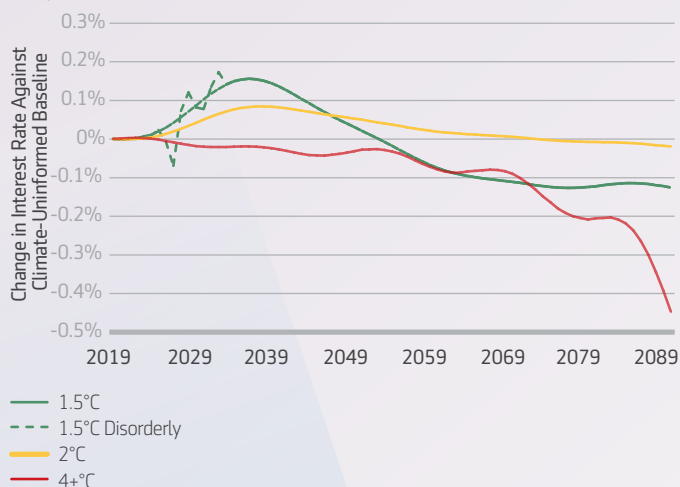
- If transition to a low-carbon, climate-resilient economy is not completed by mid-century, economies will be locked into a higher global warming pathway, likely to result in a structural slowdown in the world economy.

Cumulative GDP Growth (EUR)



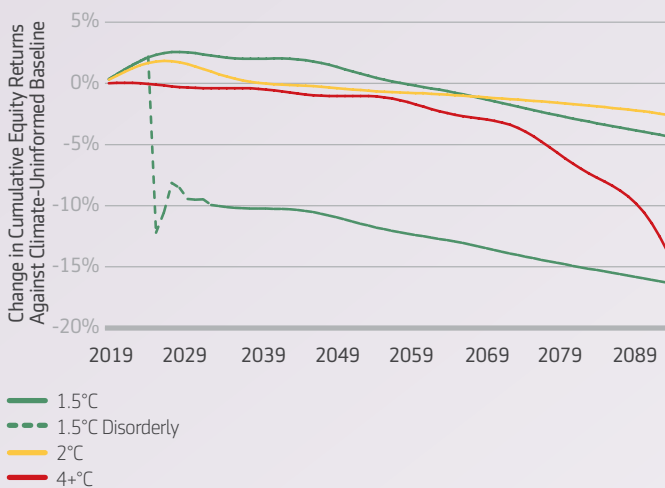
The model results also indicate potential changes in asset performance. In the 1.5°C and 2°C transition scenarios, an expected slowdown for carbon-exposed economies may translate to lower interest rates, while at the same time investments in technology and infrastructure required for a successful transition may drive an increase in global equity returns. In contrast, under a 4°C (or higher) scenario, interest rates are expected to be affected only with the emergence of more severe physical climate impacts (likely in the second half of the century). This may lock investors into a situation of persistently lower growth as higher warming structurally undermines our planet's ability to support economic activity.

EU interest rates (10 year)



World Cumulative Equity Returns

(10 year)



These findings provide an early insight into Aegon's potential exposure to climate risk, but they should be seen in the context of broader climate scenario narratives and their limitations. Consequently, Aegon recognizes that this analysis is an initial step towards fully understanding the influence of climate change on the Company's investments. In addition, the scenarios model only slow-onset physical risks; other potential catastrophic physical impacts such as extreme weather or tipping-point events and their consequences were not included.

Nevertheless, this analysis complements our carbon footprint calculations, asset-level risk measures, and ESG integration activities. Combined, these serve as a starting point on our journey to understanding the potential impact of climate-related risks and opportunities on our investments. Our aim is to continue refining and integrating both top-down and bottom-up climate assessments into our overall strategy, risk management and reporting frameworks. Over the coming years, we expect our approach to evolve and improve in light of new research, data, and emerging best practices.

Targets

Metrics like carbon foot-printing are important to help understand existing exposure to direct carbon emissions; however, they are only snapshots of performance at a single (past) point in time and the size of footprint is not necessarily representative of future investment risk. Unfortunately, they do not capture other climate considerations such as physical risk, supply chain risk, risks and opportunities from products and services, demand shift and technological risk, nor how carbon intensive companies are transitioning towards a low carbon economy. Reductions in carbon footprint or carbon intensity of an investment portfolio could be achieved simply by re-allocating capital to sectors with less direct climate impact – which would not result in any real overall carbon reduction. Furthermore, depriving certain carbon-

intensive sectors of capital could limit their ability to reduce emissions, which would be especially harmful to those expected to play a critical role in the transition to a low carbon economy.

To set meaningful climate targets for our investments that would result in real carbon reductions, more work will be required to align these considerations with global climate ambitions and the realities of institutional investing.

Next Steps

Aegon will continue to refine its climate change strategy, governance, and approach to risk and opportunity measurement and implementation in the coming years. As the Company's experience with climate issues grows, Aegon will look to increase alignment between disclosures and business lines, aiming to include increasing levels of information on different businesses (e.g. insurance vs. asset management) and geographies (e.g. outside the Netherlands).

Aegon will continue to focus on climate risk as part of its broader responsible investment and sustainable business strategy. In 2019, Aegon expects to extend its climate analysis of General Account assets to other geographies (e.g. US) and other asset types where possible, such as mortgage-backed securities and investment funds.

Principles for Responsible Investment (PRI)

Aegon Asset Management has been a signatory to the Principles for Responsible Investment since 2011 (Kames Capital since 2008). Every year, we submit a progress report; this covers ESG integration, engagement and voting across asset classes (including equities, fixed income, property, infrastructure, inclusive finance etc.). The PRI have been signed by 1,449 asset managers and owners. Together, these companies represent nearly USD 90 trillion in investments³³.

PRI scores (2018)

	Aegon Asset Management	Kames Capital	Median score (all signatories)
Strategy & governance	A+	A+	A
Listed equity – incorporation	NA	A	B
Listed equity – active ownership	A	A	B
Fixed income – SSA	A	A	B
Fixed income – corporate financial	A	A	B
Fixed income – corporate non-financial	A	A	B
Fixed income – securitized	A	NA	C
Property	NA	B	B

For more information on the PRI, see www.unpri.org. Details of signatories' reporting is also available on the PRI website. Our latest report was submitted in April 2019; results are usually made public in July.

NA - not applicable

³³ Source: PRI 2018 Annual Report (end-2018)

Appendix

Key metrics

	2018	2017	% change	2016
Assets under management (EUR billions)³³	316	318	(0.6%)	326
Total impact investments (EUR billions)	8.4	8.1	3.7%	7.2
• Affordable housing (EUR billions):	4.9	4.8	2.1%	4.8
• Renewable energy (EUR millions)	573	436	31.4%	309
• Care homes (EUR millions)	324	325	(0.3%)	213
• Development banks (EUR billions)	1.8	1.8	Unchanged	1.6
• Green bonds (EUR millions)	253	226	11.9%	119
• Student loans and sports facilities (EUR millions)	208	131	58.8%	106
• Green residential mortgage-backed securities (EUR millions)	152	138	10.1%	57
• Micro-finance (EUR millions)	74	74	Unchanged	43
• Sustainable timber (EUR millions)	8	9	(11.1%)	14
Socially-responsible investment funds (EUR billions)³⁴	3.4	3.0	13.3%	3.3
Of which (EUR millions):				
• UK	2,324	2,863	(18.8%)	2,403
• Netherlands	1,088³⁵	143	661%	32
• Hungary	3.1	4.6	(32.6%)	5.4
Active ownership and engagement				
Number of companies engaged as part of our responsible investment approach	360	335	7.5%	356
Number of shareholder meetings at which Aegon Asset Management cast votes	1,373	1,236	11.1%	1,230
Training				
Percentage of eligible staff completing ESG training (PRI Academy course)	89%	82%	7 PP	72%

PP – percentage points | Note: some figures in the table above have been rounded; percentage changes are calculated using these rounded figures.

³³ Assets under management as at December 31, 2018; these assets under management include advisory services performed by various Aegon Asset Management affiliates or their investment advisory business units and joint ventures.

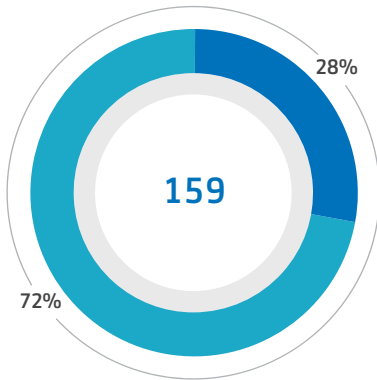
³⁴ Total figure does not include SRI funds managed by our joint ventures in China and France.

³⁵ Substantial increase in assets under management in the Netherlands in 2018 is due to the addition of TKP Investments' World and European SRI funds.

Voting Report: Aegon Investment Management B.V. (Netherlands)

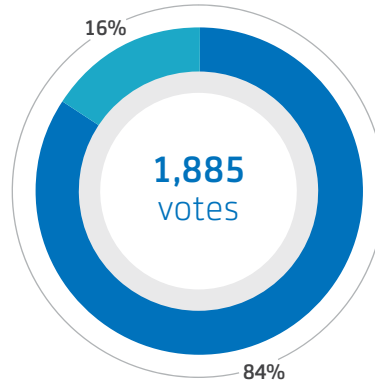
Charts on this page show voting in 2018 by Aegon Investment Management B.V. (Aegon Asset Management's entity in the Netherlands). Charts on this page cover all meetings and votes cast; charts on page 39 cover those in the Netherlands only.

Number of meetings at which votes cast, 2018



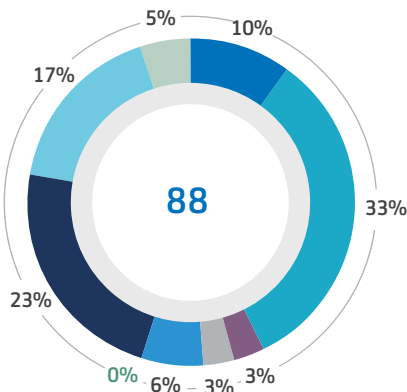
- Meetings voted with management
- Meetings with at least one vote against management

Number of votes cast, 2018



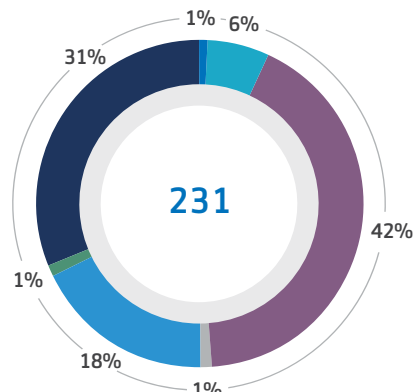
- Votes with management
- Votes against management

Votes in favor of shareholder proposals by subject



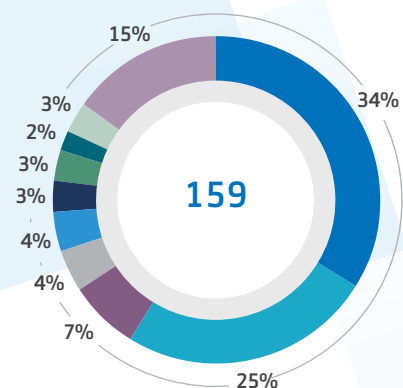
- Routine / business
- Related to directors
- Corp. governance
- Social / human rights
- Compensation
- General economic issues
- Health / environment
- Others / miscellaneous
- Social proposal

Votes against management proposals by subject



- Preferred / bondholder
- Routine / business
- Related to directors
- Related to anti-takeover
- Capitalization
- Reorganization & mergers
- Non-salary compensation

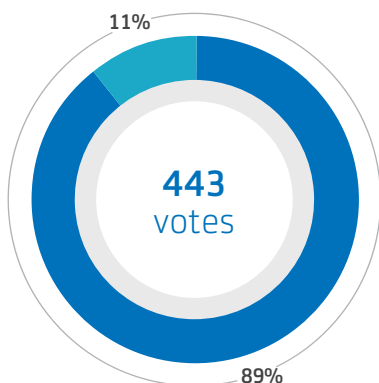
Votes cast by location of companies in which AIM holds shares



- US
- Netherlands
- Australia
- France
- Cayman Islands
- Japan
- UK
- Canada
- Greece
- Rest of World

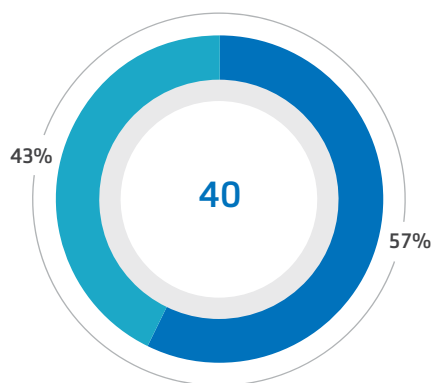
We use our investment management expertise to help people achieve a lifetime of financial security.

Number of votes cast, 2018 (Netherlands only)



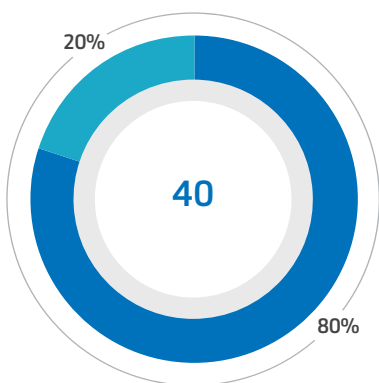
- Votes with management
- Votes against management

Number of meetings at which votes cast, 2018 (Netherlands only)



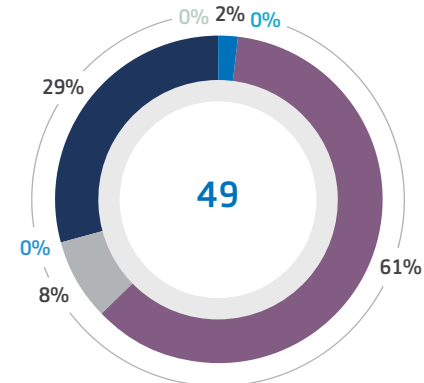
- Meetings voted with management
- Meetings with at least one vote against management

Voting with /against standard advice from proxy advisor, 2018 (Netherlands only)



- Number of meetings at which votes cast in line with ISS benchmark policy
- Number of meetings at which votes cast against standard proxy advice

Votes against management proposals by subject, 2018 (Netherlands only)



- Preferred / bondholder
- Routine / business
- Related to directors
- Capitalization
- Reorganization & mergers
- Non-salary compensation
- Related to anti-takeover

Our approach to reporting

Purpose and intended audience

The aim of this Responsible Investment Report is to provide a clear, comprehensive overview of Aegon Asset Management's approach to responsible investment (as part of our parent company's broader Responsible Business approach). The report covers policy, governance, strategy and performance in this area, as well as our management of ESG integration and engagement activities. The report is intended for all stakeholders, but will be of particular interest to clients of Aegon Asset Management.

Scope and boundaries

This report covers January–December 2018, though references are made to events before and after this period, where relevant. Our Responsible Investment Report is published annually in May.

Data in this report covers all Aegon Asset Management companies and entities: Aegon Asset Management US (Aegon USA Investment Management LLC.), Aegon Real Assets US (Aegon USA Realty Advisors LLC.), Kames Capital plc., Aegon Asset Management Asia Ltd., Aegon Asset Management Central and Eastern Europe (or Aegon Magyarország Befektetési Alapkezelő Zrt.), Aegon Asset Management Pan-Europe B.V., Aegon Asset Management Spain, Aegon Investment Management B.V., Pelargos Capital B.V., Saemor Capital B.V. and TKP Investments B.V. Data for our two joint ventures in China and France (Aegon Industrial Fund Management Company Ltd. and La Banque Postale Asset Management S.A.) have been included on a pro rata basis (49% and 25% respectively), with the exception of our Socially Responsible Investment (SRI) funds. Data covers the full year 2018, unless otherwise stated; we have included only information that we believe is (or will be) material to Aegon Asset Management, its clients and other stakeholders. Reporting against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) relates to Aegon Group (see pages 28–35).

Unit reports, policies and other documents

		Weblink
Aegon Asset Management	<ul style="list-style-type: none"> • PRI transparency report 	www.unpri.org
Kames Capital	<ul style="list-style-type: none"> • Responsible Investment documents • Sustainability report • PRI transparency report • Responsible investment policy 	www.kamescapital.com www.unpri.org
TKP Investments	<ul style="list-style-type: none"> • Responsible investment documents 	www.tkpinvestments.com

Content and approval

Content is based on reporting from Aegon Asset Management businesses around the world. We have also drawn on company reporting against international frameworks, including TCFD and the Principles for Responsible Investment (PRI). For all external information used, sources are provided in the text. Previous-year data has been included, where appropriate, to allow proper comparison. All necessary notes, explanations and definitions are provided in the text or accompanying tables and charts.

All content is reviewed by our specialist Responsible Investment team and approved by Aegon Asset Management's Management Board before publication. The report should be read in conjunction with the Aegon's 2018 Integrated Annual Report, available online. Aegon Asset Management did not seek external assurance for this report.

Research, policies and guidelines

Aegon Asset Management publishes regular white papers on responsible investment issues, engagement and ESG integration (see www.aegonassetmanagement.com). In addition, our parent company has a dedicated Center for Longevity and Retirement, covering pensions, retirement and healthy aging (see www.aegon.com/research/). Aegon also has internal policies and guidelines available online; these cover areas such as compliance, voting, human rights, insider dealing, diversity and responsible investment (see www.aegon.com/about/governance/).

Acronyms and abbreviations

AGM	Annual General Meeting of Shareholders
AIFMC	Aegon Industrial Fund Management Company
CWG	Aegon's Climate Working Group
CDP	Carbon Disclosure Project (known officially as CDP)
Dufas	Dutch Fund and Asset Management Association
EIF	European Investment Fund
EITI	Extractive Industries Transparency Initiative
ESG	Environmental, Social and Governance
FAIRR	Farm Animal Investment Risk and Return
GDP	Gross Domestic Product
GHG	Greenhouse gas emissions
GRESB	Global Real Estate Sustainability Benchmark
ICCR	Interfaith Center on Corporate Responsibility
IIGCC	Institutional Investors Group on Climate Change
ILG	Investment Leaders Group
ILO	International Labor Organization
IOA	Investors for Opioid Accountability
IRBC	International Responsible Business Conduct
LBPAM	La Banque Postale Asset Management
LIHTC	Low-Income Housing Tax Credit
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PCAF	Platform Carbon Accounting Financials
RI	Responsible Investment
RISC	Responsible Investment Strategy Committee
SDGF	Sustainable Development Goals Fund
SRI	Socially Responsible Investment
SSA	Sovereigns, supranationals and agencies
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
WHO	World Health Organization
WRI	World Resources Institute

International conventions

Aegon Asset Management's approach to responsible investment is shaped by a number of international treaties, agreements and conventions:

	Year entered into force	Purpose
Anti-personnel Mine Ban Convention (Ottawa Treaty)	1999	Prohibits use, stockpiling, production and transfer of anti-personnel landmines.
Biological Weapons Convention	1975	Prohibits development, production, stockpiling and use of biological weapons.
Chemical Weapons Convention	1997	Prohibits production, stockpiling and use of chemical weapons.
Convention on Cluster Munitions	2010	Prohibits use, transfer and stockpiling of cluster bombs.
'Five Freedoms' (Farm Animal Welfare Council, UK)	1979 (formalized)	Sets out minimum freedoms for the welfare of animals under human control.
ILO fundamental principles	1998 (adopted)	Sets out fundamental rights at work, covering freedom of association, collective bargaining, child and forced labor, and discrimination.
Nuclear Non-Proliferation Treaty	1970	Aimed at preventing spread of nuclear weapons and weapons technology.
OECD Framework on base erosion and profit shifting	2015 (endorsed by G20)	Sets out actions governments can take to discourage companies from shifting profits to low or no-tax locations where there is little or no economic activity.
OECD Guidelines for Multinational Enterprises	1976 (adopted)	Recommends principles and standards of responsible business conduct for multinational companies.
Paris Climate Agreement	2016 (agreed in 2015)	Aimed at reducing greenhouse gas emissions to combat climate change and global warming.
Paris Pledge	2015 (signed)	Signed by more than 1,300 businesses, NGOs, trade unions, investors and local governments committed to supporting the goals of the Paris Climate Agreement.
Principles for Responsible Investment	2006 (launched)	Sets out six basic principles for responsible investment.
Principles for Sustainable Insurance	2012 (launched)	Sets out four principles to build ESG and sustainability into the insurance industry.
UN Arms Trade Treaty	2014	Regulates the international trade in conventional weapons to promote peace and avoid conflict and human suffering.
UN Convention on Biological Diversity	1993	Aimed at protecting biodiversity and ensuring sustainable use of natural resources.
UN Global Compact	2000 (founded)	Sets out principles to ensure responsible business conduct in ten areas including human rights, labor, the environment and anti-corruption.
UN Guiding Principles on Business and Human Rights	2011	Sets out the responsibility of business to uphold and protect international human rights.
Universal Declaration of Human Rights	1948	Aimed at reducing greenhouse gas emissions to combat climate change and global warming.
UN Sustainable Development Goals	2015	Sets out the international development agenda for 2030; the 17 goals cover issues such as hunger, poverty, education, climate change and gender equality etc.
WHO Framework Convention on Tobacco Control	2005	Seeks to protect populations from the health, social and economic consequences of smoking.

Disclaimer

This report is provided by Aegon Asset Management (AAM) as general information and is intended exclusively for institutional and wholesale investors, as well as professional clients (as defined by local laws and regulation) and other AAM stakeholders.

This document is for informational purposes only in connection with the marketing and advertising of products and services, and is not investment research, advice or a recommendation. It shall not constitute an offer to sell or the solicitation to buy any investment nor shall any offer of products or services be made to any person in any jurisdiction where unlawful or unauthorized. Any opinions, estimates, or forecasts expressed are the current views of the author(s) at the time of publication and are subject to change without notice. The research taken into account in this document may or may not have been used for or be consistent with all Aegon Asset Management investment strategies. Aegon AM US and Aegon Investment Management B.V. (AIM) share a central responsible investment team. Certain personnel employed by AIM provide investment research and recommendations regarding the Responsible Investment Policy, ESG data, engagement, reporting, and impact investments. These AIM personnel, with respect to their responsible investment responsibilities, are considered Aegon AM US access persons and subject to certain policies, monitoring, and supervision of the firm.

Strategies described herein are supported in part by investment models and /or other analytical tools. These models or tools inform, but do not dictate, investment recommendations. There is no assurance that these models or tools will work as intended, produce accurate results, or be free from defects, all of which could impact investment performance. Models or tools may be discontinued or modified for any reason and without notice.

The information contained in this material does not take into account any investor's investment objectives, particular needs, or financial situation. It should not be considered a comprehensive statement on any matter and should not be relied upon as such. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to any particular investor. Reliance upon information in this material is at the sole discretion of the recipient. Investors should consult their investment professional prior to making an investment decision. Aegon Asset Management is under no obligation, expressed or implied, to update the information contained herein. Neither Aegon Asset Management nor any of its affiliated entities are undertaking to provide impartial investment advice or give advice in a fiduciary capacity for purposes of any applicable US federal or state law or regulation. By receiving this communication, you agree with the intended purpose described above.

References to the Aegon NL General Account are for illustrative purposes only and are not intended to be representative of the investments or decisions that have been or will be made for any particular investor or other AAM-managed portfolios.

Past performance is not a guide to future performance. All investments contain risk and may lose value. Socially responsible investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised, by any company of Aegon Asset Management will reflect the beliefs or values of any one particular investor. Information regarding responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and Aegon Asset Management is dependent on such information to evaluate a company's commitment to, or implementation of,

responsible practices. Socially responsible norms differ by region. There is no assurance that the socially responsible investing strategy and techniques employed will be successful. Strategy availability may be limited to certain investment vehicles; such vehicles may not be available to all investors in all jurisdictions. References to specific securities and their issuers are not intended and should not be interpreted as recommendations to purchase, sell, or hold such securities. Products and strategies managed by Aegon group companies may or may not include the securities referenced and if such securities are included, there is no representation that such securities will continue to be included.

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Contact and enquiries

Head office

Aegon Asset Management
Aegonplein 50
2591 TV The Hague
Telephone: +31 70 344 3210

Website

www.aegonassetmanagement.com

Media and other enquiries

Adrian Cammidge (Europe)
+44 207 200 2510
adrian.cammidge@kamescapital.com

Bradley Dawson (US)

+1 312 777 2732
brdawson@aegonusa.com

Colophon

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