

# Equity investment strategy and arrangements with asset managers

In connection with section 5:87d of the Dutch Financial Supervision Act  
(Wet op het financieel toezicht)

## Aegon Nederland N.V.

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**This document discloses certain information regarding Aegon Nederland's equity investment strategy and the arrangement with its asset managers investing on behalf of Aegon Nederland. The scope of this disclosure extends to the proprietary equity portfolios managed on behalf of Aegon Nederland and its subsidiaries (Aegon Levensverzekering, Aegon Schadeverzekering, Aegon Spaarkas and Aegon Bank; hereafter known as Aegon NL).**

Aegon NL takes a long-term approach to investing and manages all investments in line with its internal framework of policies, standards and guidance. This ensures all investing activities take place in accordance with relevant legislation, Aegon NL's business strategy and, importantly, within pre-defined risk budgets for individual portfolios. Where applicable, asset-liability management is utilized to ensure portfolio assets are invested in line with portfolio liabilities.

Aegon NL regards itself as a responsible business and aims to have a positive impact on the lives of its customers, wider society and the environment. As such, Aegon NL requires environmental, social and governance (ESG) considerations to be embedded throughout the full investment decision-making process. This allows for ESG risks and opportunities to be considered alongside traditional financial considerations. Aegon NL believes this approach is the best way to generate value for all stakeholders over the longer term.

Aegon NL aims to appoint a capable and trusted asset manager for each individual mandate or portfolio. Portfolio management activities for a significant proportion of Aegon NL's assets (including its listed equity portfolios) have been delegated to Aegon Asset Management (AAM). These arrangements are governed by an investment management agreement which requires AAM to invest in accordance with individual investment mandates that are defined by Aegon NL.

In order to gain exposure to certain asset classes, Aegon NL invests directly in pooled fund structures that are managed by various asset managers. Following a detailed investment due diligence process, Aegon NL selects funds whose investment strategies (which we cannot influence) best align with our internal investment policy.

As a long-term investor, Aegon NL believes it can use its influence to encourage investee companies to make positive changes to their operations and products for the benefit of wider society and the environment. In line with this, Aegon NL has built its Responsible Investing Policy (RI Policy) around good stewardship and active ownership. As part of the initial investment due diligence process, the ESG policies of all potential asset managers are reviewed. Appointed asset managers are informed that they are expected to comply with the Aegon NL RI Policy (e.g. by engaging with investee companies on a wide range of ESG-related issues where possible). All appointed asset managers have guaranteed to Aegon NL that they will not invest in companies or countries that are excluded under the Aegon NL RI Policy.

Aegon NL continuously monitors all appointed asset managers and periodically assesses their performance against pre-defined internal criteria. The vast majority of Aegon NL's equity exposure consists of passive investments. All listed equity portfolios have fixed-fee arrangements in place. For some non-listed equity mandates, performance-based fee arrangements are in place. Aegon NL has considered the appropriateness of these fee arrangements as part of the initial investment due diligence process and deemed them to be appropriate given the nature of the underlying investment strategies.



Aegon NL believes investment costs matter and need to be effectively managed. By being a long-term investor, Aegon NL expects to minimize the indirect costs associated with investing (e.g. bid-ask spreads). Specific thresholds for portfolio turnover are specified in the individual investment mandates for actively-managed portfolios and are monitored on a regular basis.

The specific details of the duration of any arrangement with an asset manager are defined in the investment management agreement. Most of Aegon NL's arrangements (including that with AAM) are indefinite, subject to a notice of termination from either Aegon NL or the appointed asset manager.