

# Responsible Investing Policy Principles Aegon Nederland N.V.

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## 1. Reading guide

This document is part of a framework of documents that collectively form the Responsible Investing Policy of Aegon Netherlands N.V.

The following table provides an overview of the different documents that are part of our Responsible Investing Policy.

Link to document	Document name	Description
 <a href="#">EN</a>   <a href="#">NL</a>	Responsible Investing Policy Principles <b>(This document)</b>	This document is the overarching document which describes our approach to responsible investing and outlines the different tools within our responsible investing framework.
 <a href="#">EN</a>   <a href="#">NL</a>	Responsible Investing Topics	This document provides detailed information on how the different tools within our responsible investing framework are applied on a per-topic basis (e.g. climate change). This includes details of our screening, engagement and exclusion criteria.
 <a href="#">EN</a>	Responsible Investing Exclusion List	This document provides an overview of countries and companies we have excluded from our investible universe. This document is updated regularly when any additional exclusions are decided upon.
 <a href="#">EN</a>	Responsible Investing Treaties, Standards and Initiatives	This document provides an overview of all relevant treaties, standards and initiatives that we adhere to or support as part of our Responsible Investing Policy. This document is updated regularly.
 <a href="#">EN</a>	Voting Policy Aegon Aegon Nederland N.V.	This document describes how we make use of the voting rights associated with our investments in listed companies.

## **2. Introduction**

### **I. Purpose**

Aegon Netherlands N.V. (“Aegon NL”) regards itself as a responsible business and seeks to have a positive impact on society and the environment. As a long-term investor in a wide range of companies, sectors and countries, Aegon NL takes its responsibilities as both an asset owner and steward of client assets seriously. Good stewardship of these assets is viewed as essential.

This Responsible Investing Policy (“RI Policy”) has been prepared to act as the basis for how the proprietary and third-party assets of Aegon NL should be managed to be consistent with its responsible business objectives and any relevant laws or governance standards.

### **II. Scope**

The RI Policy covers the proprietary assets of all Aegon NL entities as well third-party assets where Aegon NL has a duty of care (e.g. defined contribution investment schemes). Relevant entities include a.o.: Aegon Nederland N.V.; Aegon Schadeverzekering N.V.; Aegon Levensverzekering N.V.; Aegon Spaarkas N.V.; Aegon Bank N.V.; and Aegon Cappital B.V., hereafter referred to as Aegon NL.

The RI Policy is primarily executed by Aegon Investment Management B.V. as the preferred asset manager of Aegon NL. Where an external asset manager is used, Aegon NL will seek to ensure that they have policies and processes in place to manage the assets in a consistent manner with the RI Policy.

### **III. Governance**

The Responsible Investment Committee (“RIC”) is the delegated advisory and decision-making body of Aegon NL with regards to its RI Policy. The applicable RIC Charter describes the tasks, responsibilities, and authority of the RIC. The RIC is responsible for monitoring, discussing and deciding upon all subjects and issues which are deemed relevant for the proper execution of Aegon NL’s RI Policy. From time to time, the Aegon NL may revise the RI Policy as necessary to ensure it remains appropriate and reflects Aegon NL’s ambitions as a responsible investor.

### 3. Responsible investing framework

Aegon NL’s RI Policy is based on good stewardship and active ownership of its investments. We believe we can influence the behaviour of investee companies and encourage them to make positive changes to their operations and products for the benefit of wider society and the environment through engagement. The core of our RI Policy draws heavily on the UN Global Compact Principles, UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. In addition, we have referred to a significant number of other relevant sources when developing the RI Policy, details of which can be found in the appendix.

The following provides an overview of the different elements of our RI Policy. Collectively these form our responsible investing framework and govern how Aegon NL’s investments should be managed in a consistent manner with our responsible business objectives and any relevant laws or governance standards.



Figure: Visual representation of Aegon NL’s responsible investing framework

Good stewardship and active ownership are at the heart of our RI Policy and we seek to work with investee companies and relevant stakeholders to address complex environmental, social and governance (“ESG”) challenges that are in line with the interests of our clients. Our approach is built on four pillars: screening; engagement and voting; exclusion; and reporting.

#### I. Screening

Aegon NL requires that ESG considerations are embedded in all stages of the investment decision-making process. This allows for ESG risks to be considered alongside traditional financial elements in investment appraisal process, such as prospective risk and return.

All investments are independently screened using a combination of proprietary and third-party ESG research tools to ensure compliance with our RI Policy. This involves screening for adherence with relevant laws, governance principles (e.g. the UN Global Compact Principles) and Aegon NL’s own screening criteria as set out in the Aegon NL Responsible Investing Topics.

#### II. Engagement and voting

If the screening process highlights that an investee company is not entirely in compliance with our RI Policy, we will look to use our influence as a long-term investor to encourage that company to change its behaviour and bring it into alignment. This will involve regular dialogue with company management and informing them of where they are failing to meet ESG norms. We may also engage with companies where our investment analysis has highlighted that there are material financial risks for a company arising from sustainability

issues or on a thematic basis based on Aegon NL's strategic priorities (e.g. clean energy and sustainable real estate).

We will regularly monitor the outcome of our engagement activities and discuss progress internally. This may lead to further engagement or, in extreme cases, divestment/exclusion if it is determined that engagement is unable to lead to a positive outcome.

In addition to engagement, as providers of equity capital we will seek to use our voting rights to enhance long-term value creation and promote sustainable business practices in a manner that is consistent with our RI Policy. Further information can be found in the Aegon NL Voting Policy.

### **III. Exclusion**

Aegon NL believes strongly in engaging with investee companies and encourage them to change their behaviour. There may, however, be occasions when engagement will not lead to an investee company changing its behaviour. This could be because an investee company is unwilling or unable to change its business to bring it in line with the Aegon NL RI Policy. In such cases, Aegon NL will consider divesting from that company or excluding the company entirely from its investible universe.

There are a number of topics that Aegon NL believes to be controversial and has decided to exclude them from its investible universe. These fall into two broad categories:

- Engaging in controversial behaviour; and
- Involvement in specific products or services (e.g. controversial weapons, tobacco etc.).

Further information on what we deem to be controversial behaviour and excluded products/services can be found in the Aegon NL Responsible Investing Topics.

### **IV. Reporting**

Aegon NL believes that it is important to not only have an RI Policy in place, but also to report on the activities covered by that policy. We want to be transparent with relevant stakeholders and wider society when it comes to our responsible investing activities and make available a wide range of responsible investment reports. These include, but are not limited to:

- Annual reporting disclosing the investments we hold;
- Annual reporting disclosing our climate change impact;
- Annual disclosure of meetings held with stakeholders regarding our RI Policy; and
- Details of any excluded investments.

The remainder of this document provides an overview of how our responsible investing framework applies to different types of investments (e.g. company or government debt). For detailed information on Aegon NL's views on specific responsible investing topics (e.g. climate change) and how we implement them in accordance with our responsible investment framework, please refer to the Aegon NL Responsible Investing Topics.

#### 4. RI Policy for companies

Aegon NL invests directly/indirectly in companies via a range of financial securities, including equity and bond investments. We look for our investment managers to embed ESG considerations in all stages of their investment decision-making process and consider company ESG risks alongside traditional financial metrics, such as risk and return. Consistent with our responsible investing framework, all company investments are subject to screening, engagement and voting. If necessary, we may also exclude a particular company from our investible universe if it does not meet the requirements of our RI Policy.

An overview of how our responsible investing framework applies to company investments is provided in the following table.

	How it works in practice
<b>Screening</b>	<p>Aegon NL expects investee companies to comply with global norms and generally accepted standards of behaviour as defined in the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. On top of this baseline, industry-specific standards and policies may also be applicable.</p> <p>A full list of all behavioural standards and norms that we screen for can be found in the Aegon NL Responsible Investing Topics.</p> <p>Aegon NL uses external research providers to screen existing and any potential new company investments for compliance with the RI Policy. Where an investment is not covered by external research providers, we expect our investment manager(s) to evaluate if the investment meets the standards of the RI Policy.</p>
<b>Engagement and voting</b>	<p>In cases where screening highlights that a company is not compliant with the Aegon NL RI Policy, we will engage with that company and its management to initially inform them of the issue and then to aim for improvement. The outcome of the engagement process will be regularly monitored and discussed to evaluate progress and decide on next steps. This may lead to further engagement or, in extreme cases, divestment/exclusion if it is determined that engagement is unable to lead to a positive outcome.</p> <p>Aegon NL will publish an annual disclosure covering its engagement and voting activities.</p>
<b>Exclusion</b>	<p>Any company which is involved in severely controversial activities or repeatedly violates globally accepted standards of behaviour (e.g. UN Global Compact Principles) will be excluded from the investible universe.</p> <p>Aegon NL excludes investments in companies which are involved in controversial activities, such as producing tobacco, manufacturing or trading in controversial weapons, and systematically breaching human rights. A full list of all excluded companies can be found in the Aegon NL Exclusion List.</p>

	<p>Should any new exclusions be deemed necessary, Aegon NL will look to liquidate all applicable equity holdings as soon as practicably possible, taking account of market liquidity and other relevant factors. Excluded bond holdings will be subject to a run-off strategy.</p>
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## 5. RI Policy for financial institutions

Financial institutions serve an important intermediary role in the economy and the investments they make can have a significant impact on wider society. As such, Aegon NL believes it important to consider the additional responsible investment aspects of investing in financial institutions separately from those of other companies.

The following provides an overview of how our responsible investing framework applies to investments in financial institutions, detailing any additional responsible investment considerations that are applicable in addition to those set out in our RI Policy for companies (Section 3).

<p><b>Screening</b></p>	<p>In addition to complying with global norms and standards as detailed for all companies in the RI Policy for companies (Section 3), and if applicable to their business, Aegon NL expects financial institutions to comply with the United Nations Environment Programme Finance Initiative, the Equator Principles for project financing and the United Nations Principles of Responsible Investment.</p> <p>Where relevant to their business (e.g. asset managers and other insurance companies), Aegon NL expects ESG considerations to be incorporated into investment analysis and decision-making processes. This is best evidenced by having a suitable responsible investment policy in place and providing regular reporting in line with this policy. As part the screening process, Aegon NL will consider other financial institutions’ responsible investment policies and evaluate whether they are compatible with the requirements of Aegon NL’s RI Policy.</p> <p>Given their systemic importance, we believe financial institutions should be transparent when it comes to their organisational/ownership structure and taxation practices. We, therefore, screen financial institutions to check if they provide basic financial and non-financial disclosures, such as ownership details, countries in which they operate, strategic objectives, executive remuneration policy, tax payments and profits. This allows us to evaluate any potential ESG risks and assess whether the financial institution is operating in a manner that is consistent with the best interests of the economy and wider society.</p> <p>Further details on relevant screening criteria can be found in the Aegon NL Responsible Investing Topics.</p>
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<p><b>Engagement &amp; voting</b></p>	<p>Aegon NL will engage with financial institutions and their management teams to initially inform them of any identified issues arising from our screening process and then to aim for improvement. The outcome of the engagement process will be regularly monitored and discussed to evaluate progress and decide on next steps. This may lead to further engagement or, in extreme cases, divestment/exclusion if it is determined that engagement is unable to lead to a positive outcome.</p> <p>Should any new exclusions be deemed necessary, Aegon NL will look to liquidate all applicable equity holdings as soon as practicably possible, taking account of market liquidity and other relevant factors. Excluded bond holdings will be subject to a run-off strategy.</p> <p>Aegon NL will publish an annual disclosure covering its engagement and voting activities.</p>
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## 6. RI Policy for government debt

Aegon NL invests a significant proportion of its assets in government debt and thereby has a direct financial relationship with sovereign governments. Aegon NL believes that countries (and their governments) should respect and uphold universally accepted values, such as the Universal Declaration of Human Rights. As such, Aegon NL requires an evaluation of these to be included in the investment decision-making process for any investment in government debt.

An overview of how our responsible investing framework applies to government debt investments is provided in the following table.

	How it works in practice
<p><b>Screening</b></p>	<p>We expect our investment managers to consider material ESG factors when considering a government debt investment. These should include, but not be limited to, factors such as the following:</p> <ul style="list-style-type: none"> <li><b>Environment (E)</b> <ul style="list-style-type: none"> <li>▪ Impact on climate change</li> <li>▪ Energy sources and energy intensity</li> <li>▪ Sustainable consumption practices</li> </ul> </li> <li><b>Social (S)</b> <ul style="list-style-type: none"> <li>▪ Societal peace and individual freedoms</li> <li>▪ Basic rights and needs</li> <li>▪ Labour protection rights</li> </ul> </li> <li><b>Governance (G)</b> <ul style="list-style-type: none"> <li>▪ Strength of institutions</li> <li>▪ Policy sustainability</li> </ul> </li> </ul> <p>We recognise that not all countries are at the same stage of development and that some factors may have a more material impact on, for instance, on a developing country than a developed country. As such, we ask our investment managers to reflect a country's stage of development when considering materiality.</p>

	<p>The majority of our government debt investments are managed by Aegon Asset Management and are evaluated using a proprietary ESG scoring model which takes account of multiple human rights indicators alongside other relevant ESG factors.</p>
<b>Exclusion</b>	<p>We exclude investments in any form of government-issued debt (e.g. government bonds) from countries that systematically breach human rights.</p> <p>We exclude investments in any form of government-issued debt from countries that are under an arms embargo of the United Nations, the European Union, or the United States of America from our investible universe. The full list of excluded governments can be found in the Aegon-NL exclusion list.</p> <p>Should any new exclusions be deemed necessary, all relevant government-issued debt will be subject to a run-off strategy.</p>

**More information**

Further details on relevant screening criteria, engagement and voting and exclusions can be found in the Aegon NL Responsible Investing Topics.