

Voting Policy

Aegon Nederland N.V.

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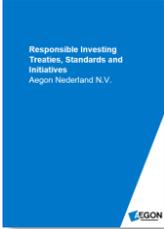
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1. Reading guide

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
 EN NL	Responsible Investing Policy Principles	This document is the overarching document which describes our approach to responsible investing and outlines the different tools within our responsible investing framework.
 EN NL	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.
 EN	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.
 EN	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.
 EN	Voting Policy Aegon Nederland N.V. (This document)	This document describes how we make use of the voting rights associated with our investments in listed companies.

2. Introduction

I. Purpose

Aegon Nederland 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 includes making use of shareholder voting rights associated with any listed equity investments and casting voting in a manner that is consistent with Aegon NL’s Responsible Investing Policy.

The Voting Policy sets out how Aegon NL makes use of voting rights associated with its investments in Dutch and non-Dutch listed companies. This version of the document is an update of the 2015 Aegon NL Voting Policy and incorporates binding and voluntary regulation, requirements and industry best-practices that have been developed and entered into force since then (e.g. the EU Shareholder Rights Directive II).

The underlying principles of the Voting Policy are founded in the Dutch Corporate Governance Code 2016 (hereafter referred to as ‘the Code’ or ‘DCGC’), the Dutch Stewardship Code of 2018 (the ‘DSC’), and the ISS Sustainability Proxy Voting Guidelines. In all cases, implementation of the specific case-by-case items set out in the Voting Policy will be carried out in such a way that respects these codes and guidelines (and which constitutes good stewardship).

In the context of Aegon NL’s internal Policy House, this document should be considered a Standard and read in conjunction with the Aegon NL Responsible Investing Policy.

II. Scope

The Voting 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, among others: Aegon Nederland N.V.; Aegon Schadeverzekering N.V.; Aegon Levensverzekering N.V.; Aegon Spaarkas N.V.; Aegon Bank N.V. (Knab); and Aegon Cappital B.V., hereafter referred to as Aegon NL.

The Voting Policy is primarily executed by Aegon Investment Management B.V. (“AIM”) as the preferred asset manager of Aegon NL.

III. Implementation

AIM will vote at all meetings of all Dutch and selected non-Dutch listed companies to the extent that shares of these companies are held in one of Aegon NL's portfolios.

Given the large number of companies Aegon NL invests in globally, a third-party proxy voting provider, Institutional Shared Services (ISS), is used to enable AIM to remotely cast the votes on behalf of Aegon NL. ISS provides Aegon NL with voting recommendations for case-by-case items as identified in the Voting Policy. Aegon NL is not bound to follow this advice and may vote differently (e.g. if ISS' recommendation is not in the best interest of Aegon NL and its clients). In all cases, votes will be cast in line with Aegon NL's Voting Policy.

In line with the Dutch Stewardship Code in respect of investee companies that are listed, shares will be recalled to preserve our voting rights in the case that those shares are subject to stock lending arrangements. In addition, should a short position be greater than it is long, we will abstain from voting.

Where Aegon NL is considering exercising a right to convene an extraordinary general meeting or tabling a shareholder resolution at a general meeting of a company, it will consult with the company's board via its appointed asset manager. Where appropriate, voting and engagement strategy will be on a co-operative basis with other shareholders and the views of other stakeholders will be considered. Whenever Aegon NL sponsors a resolution at a general meeting, Aegon NL (or AIM on Aegon NL's behalf) will attend to answer questions about the resolution. If Aegon NL votes against management or abstains from voting, it will explain the reasons for such behavior at the request of the company's board.

For Aegon NL's actively managed listed real estate portfolio, AIM applies a minimum threshold in practice and does not vote if Aegon NL's stake in the company's outstanding shares is less than 0.1%. For these votes, appropriate regional best practice will be followed. Where regional best practice is not clearly defined, international best practice codes, such as the G20 / Organization for Economic Co-Operation and Development (OECD) Principles of Corporate Governance and International Corporate Governance Network (ICGN) Global Governance Principles and the Global Stewardship Principles, will be referenced.

Aegon NL does not vote in share blocking markets.

IV. Conflicts of Interest

There may be a conflict of interest if Aegon NL invests in a company that it has a business relationship with, or if Aegon NL holds both bonds and shares in the same investee company. In these circumstances, Aegon NL will put the interests of its clients first. When conflicts arise, Aegon NL will identify where its fiduciary responsibility lies and act accordingly. To reduce the potential conflicts of interest, Aegon NL does not vote the shares that it holds in Aegon N.V. (e.g. in passively-managed listed equity portfolios). In general, Aegon NL seeks to identify, manage and remedy actual and potential conflicts of interest.

V. Reporting

Voting activity in Dutch-listed companies is subject to transparency and voting activity must be disclosed on a continuous basis.

In line with this requirement, Aegon NL maintains records of all votes that have been cast on its behalf at shareholder meetings. These records are published online and updated continuously. Records should be available within three months following the date on which a vote was cast.

3. Operational items

I. Financial Results and Director / Auditor Reports

Vote for approval of financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed.

II. Approval of Non-Financial Information Statements/Reports

Generally vote for the approval of mandatory non-financial information statements/reports, unless the independent assurance services provider has raised material concerns about the information presented.

III. Appointment of Auditors and Auditor Fees

Vote for proposals to ratify auditors and/or proposals authorizing the board to fix auditor fees, unless:

- There are serious concerns about the procedures used by the auditor;
- There are serious concerns about the effectiveness of the auditors;
- There is reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position;
- External auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company;
- The name of the proposed auditors has not been published;
- The auditors are being changed without explanation; or
- For widely-held companies, fees for non-audit services exceed either 100 percent of standard audit-related fees or any stricter limit set in local best practice recommendations or law.

In circumstances where fees for non-audit services include fees related to significant one-time capital structure events, such as initial public offerings, emergence from bankruptcy, and spinoffs, and the company makes public disclosure of the amount and nature of those fees which are an exception to the standard "non-audit fee" category, then such fees may be excluded from the non-audit fees considered in determining the ratio of non-audit to audit fees.

For concerns relating to the audit procedures, independence of auditors, and/or name of auditors, Aegon NL will focus on the auditor election and/or the audit committee members. For concerns relating to fees paid to the auditors, Aegon NL will focus on remuneration of auditors if this is a separate voting item, otherwise Aegon NL would focus on the auditor election.

IV. Appointment of Internal Statutory Auditors

Vote for the appointment or re-election of statutory auditors, unless:

- There are serious concerns about the statutory reports presented or the audit procedures used; or
- Questions exist concerning any of the statutory auditors being appointed; or
- The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.

V. Allocation of Income

Vote for approval of the allocation of income, unless:

- The dividend payout ratio has been consistently below 30 percent without adequate explanation; or
- The payout is excessive given the company's financial position.

VI. Amendments to Articles of Association

Vote amendments to the articles of association on a case-by-case basis.

VII. Change in Company Fiscal Term

Vote for resolutions to change a company's fiscal term unless a company's motivation for the change is to postpone its AGM.

VIII. Lower Disclosure Threshold of Stock Ownership

Vote against resolutions to lower the stock ownership disclosure threshold below 5 percent unless specific reasons exist to implement a lower threshold.

IX. Amend Quorum Requirements

Vote proposals to amend quorum requirements for shareholder meetings on a case-by-case basis.

X. Transact Other Business

Vote against other business when it appears as a voting item.

4. Board of directors

I. Director Elections

Vote for management nominees in the election of directors, unless:

- Adequate disclosure has not been provided in a timely manner;
- There are clear concerns over questionable finances or restatements;
- There have been questionable transactions with conflicts of interest;
- There are any records of abuses against minority shareholder interests;
- The board fails to meet minimum corporate governance standards, including board independence standards;
- There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities; or
- Absences at board and key committee meetings have not been explained (in countries where this information is disclosed).

1) Gender Diversity

Aegon NL will evaluate gender diversity on boards in international markets when reviewing director elections, to the extent that disclosures and market practices permit.

Generally vote against or withhold from incumbent nominees who:

- Serve as the chair of the nominating committee if there is not at least one woman on the board. If the chair of the nominating committee is not identified, generally vote against or withhold from incumbent members of the nominating committee.
- Serve as the board chair if there is not at least one woman on the board and the board lacks a formal nominating committee.

2) Material ESG Failures

Vote against or withhold from directors individually, on a committee, or potentially the entire board due to:

- Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks;
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate ESG risks;
- Failure to replace management as appropriate; or
- Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

In addition to these factors, Aegon NL may vote against due to concerns related to at least one of the following specific factors, which are presented below as separate subsections:

3) Director Terms

Vote against the election or re-election of any director when his/her term is not disclosed or when it exceeds four years and adequate explanation for non-compliance has not been provided. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives from best practice provision 2.1.5 of the Code (nationality, age, gender, educational and professional experience) should be considered in the preparation of the appointment or reappointment.

Vote against if the tenure of a non-executive director exceeds the period of 12 years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the supervisory board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.

4) Bundling of Proposal to Elect Directors

Bundling together proposals that could be presented as separate voting items is not considered good market practice, because bundled resolutions leave shareholders with an all-or-nothing choice, skewing power disproportionately towards the board and away from shareholders. As director elections are one of the most important voting decisions that shareholders make, directors should be elected individually.

Aegon NL will vote against the election or re-election of any directors if the company proposes a single slate of directors.

5) Board Independence

a) *Two-tier board*

Independence of supervisory board members will be determined according to the Aegon NL Classification of Directors (see Appendix) and principle 2.1.8 of the Code. Independence of the supervisory board is being assessed based on the criteria of principle 2.1.7.

Vote for all supervisory board members if the supervisory board is composed in accordance with the following criteria (2.1.7.):

- Any one of the criteria referred to in best practice provision 2.1.8, sections i. to v. inclusive should be applicable to at most one supervisory board member;
- The total number of supervisory board members to whom the criteria referred to in best practice provision 2.1.8 are applicable should account for less than half of the total number of supervisory board members; and
- For each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one supervisory board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi. and vii.

If the criteria of 2.1.7.i are not met, we will vote against all non-independent supervisory board members or nominees for which 2.1.7. i is applicable.

If 2.1.7. ii is not met, we will vote against all supervisory board members or nominees.

If 2.1.7. iii is not met, we will vote against all non-independent supervisory board members or nominees for which 2.1.7. iii is applicable.

b) One tier board

Vote for if the chairman of the board is not or has not been an executive director, is independent and the majority of the members of the management board shall be non-executive directors and are independent. The requirements for independence stipulated in best practice provisions 2.1.7 and 2.1.8 apply to the non-executive directors.

6) Disclosure of Names of Nominees

Vote against the election or re-election of any and all director nominees when the names of the nominees are not available or not provided in a timely manner.

7) Combined Chairman/CEO

Generally, vote against (re)election of combined chair/CEO. However, when the company provides assurance that the chair/CEO would only serve in the combined role on an interim basis (no more than two years), with the intent of separating the roles within a given time frame, considerations should be given to these exceptional circumstances. In this respect, the vote recommendation would be made on a case-by-case basis.

In order for Aegon NL to consider a favorable vote for a combined chair/CEO to serve on an interim basis, the company would need to provide adequate control mechanisms on the board (such as a lead independent director, a high overall level of board independence, and a high level of independence on the board's key committees).

This policy will be applied to all companies that propose the (re)election of a combined chair/CEO to the board, including cases where the chair/CEO is included in an election by slate.

8) Election of a former executive as Chairman of the Board

The chairman of the supervisory board may not be a former member of the management board of the company. One tier board: the chairman of the board may not also be, or have been, an executive director.

Generally vote against the election or re-election of a former executive as chairman to the supervisory board or board of directors.

Considerations should be given to the exceptional circumstance that the former executive is proposed to become the board's chairman only on an interim or temporary basis.

9) Overboarding

Aegon NL will generally vote against a candidate when s/he holds an excessive number of board appointments, as referenced by the more stringent of the provisions prescribed in local law or best practice governance codes, or the following guidelines (max. five mandates):

- Executive directors (counts as three mandates) are expected not to hold other executive or chairmanship positions. They may, however, hold up to two other non-executive directorships.

- Non-executive chairmen (counts as two mandates) are expected not to hold executive positions elsewhere or more than one other chairmanship position. They may, however, hold up to three other non-executive directorships.
- Non-executive directors who do not hold executive or chairmanship positions may hold up to four other non-executive directorships.

Aegon NL will take into account board positions held in publicly listed companies.

A vote against will not be applied to a director within a company where he/she serves as CEO or chair; instead, any adverse vote will be applied to his/her additional seats on other company boards.

10) One Board Seat per Director

In cases where a director holds more than one board seat on a single board and the corresponding votes, manifested as one seat as a physical person plus an additional seat(s) as a representative of a legal entity, vote against the election/re-election of such legal entities and in favor of the physical person.

However, an exception is made if the representative of the legal entity holds the position of CEO. In such circumstances, Aegon NL will typically vote in favor of the legal entity and against the election/re-election of the physical person.

While such occurrences are rare, there have been cases where a board member may have multiple board seats and corresponding votes. Holding several board seats concurrently within one board increases this person's direct influence on board decisions and creates an inequality among board members.

11) Composition of Committees

If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. The function of the committees is to prepare the decision-making of the supervisory board.

If the supervisory board decides not to establish an audit committee, a remuneration committee or a selection and appointment committee, the best practice provisions applicable to such committee(s) should apply to the entire supervisory board. In its report, the supervisory board shall report on how the duties of the committees have been carried out in the financial year. If a company does not have an audit or a remuneration committee, Aegon NL considers that the entire board fulfils the role of a committee. In such case, Aegon NL may vote against the executives, including the CEO, up for election to the board.

Vote against if not all of the following conditions are met:

- The audit and remuneration committee shall not be chaired by the chairman of the supervisory board or by a former member of the management board of the company.
- More than half of the members of the committees should be independent within the meaning of best practice provision 2.1.8.

- For one tier board companies all members of the audit and remuneration committee must be non-executives. The committees cannot be chaired by the chairman of the management board or by a former director of the company.

Vote against the (re)election of executives who serve on the company's audit or remuneration committee. Aegon NL may vote against if the disclosure is too poor to determine whether an executive serves or will serve on a committee.

II. Contested Director Elections

For contested elections of directors, e.g. the election of shareholder nominees or the dismissal of incumbent directors, Aegon NL will vote on a case-by-case basis, determining which directors are considered best suited to add value for shareholders.

The analysis will generally be based on, but not limited to, the following major decision factors:

- Company performance relative to its peers;
- Strategy of the incumbents versus the dissidents;
- Independence of directors/nominees;
- Experience and skills of board candidates;
- Governance profile of the company;
- Evidence of management entrenchment;
- Responsiveness to shareholders;
- Whether a takeover offer has been rebuffed;
- Whether minority or majority representation is being sought.

When analyzing a contested election of directors, Aegon NL will generally focus on two central questions:

- Have the proponents proved that board change is warranted? And if so,
- Are the proponent board nominees likely to effect positive change (i.e., maximize long-term shareholder value).

III. Voting on Directors for Egregious Actions

Under extraordinary circumstances, vote against or withhold from directors individually, on a committee, or the entire board, due to:

- Material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company;
- Failure to replace management as appropriate; or
- Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

IV. Discharge of Directors

Vote for the discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling concerns that the board is not fulfilling its fiduciary duties such as:

- A lack of oversight or actions by board members which invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest;
- Any legal issues (e.g. civil/criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged action yet to be confirmed (and not only in the fiscal year in question) such as price fixing, insider trading, bribery, fraud, and other illegal actions;
- Other material failures of governance or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks; or
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate environmental, social and governance (ESG) risks.

For markets which do not routinely request discharge resolutions, analysts may voice concern in other appropriate agenda items, such as approval of the annual accounts or other relevant resolutions, to enable shareholders to express discontent with the board.

Vote against proposals to remove approval of discharge of board and management from the agenda.

V. Director, Officer, and Auditor Indemnification and Liability Provisions

Vote proposals seeking indemnification and liability protection for directors and officers on a case-by-case basis.

Vote against proposals to indemnify auditors.

VI. Board Structure

Vote for routine proposals to fix board size.

Vote against the introduction of classified boards and/or mandatory retirement ages for directors.

Vote against proposals to alter board structure or size in the context of a fight for control of the company or the board.

5. Capital Structure

I. General Share Issuances

Vote for issuance authorities with pre-emptive rights to a maximum of 50 percent over currently issued capital and as long as the share issuance authorities' periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands).

Vote for issuance authorities without pre-emptive rights to a maximum of 10 percent under normal circumstances, plus another 10% in case of mergers and acquisitions, (or a lower limit if local market best practice recommendations provide) of currently issued capital as long as the share issuance authorities' periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines (e.g. issuance periods limited to 18 months for the Netherlands).

II. Specific Share Issuances

Vote on a case-by-case basis on all requests, with or without preemptive rights.

III. Increases in Authorized Capital

Vote for non-specific proposals to increase authorized capital up to 100 percent over the current authorization unless the increase would leave the company with less than 30 percent of its new authorization outstanding.

Vote for specific proposals to increase authorized capital to any amount, unless:

- The specific purpose of the increase (such as a share-based acquisition or merger) does not meet the Aegon NL's guidelines for the purpose being proposed; or
- The increase would leave the company with less than 30 percent of its new authorization outstanding after adjusting for all proposed issuances.

Vote against proposals to adopt unlimited capital authorizations.

IV. Reduction of Capital

Vote for proposals to reduce capital for routine accounting purposes unless the terms are unfavorable to shareholders.

Vote proposals to reduce capital in connection with corporate restructuring on a case-by-case basis.

V. Capital Structures

Vote for resolutions that seek to maintain, or convert to, a one-share, one-vote capital structure.

Vote against requests for the creation or continuation of dual-class capital structures or the creation of new or additional super voting shares.

VI. Preferred Stock

Vote for the creation of a new class of preferred stock or for issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.

Vote for the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets Aegon NL's guidelines on equity issuance requests.

Vote against the creation of a new class of preference shares that would carry superior voting rights to the common shares.

Vote against the creation of blank check preferred stock unless the board clearly states that the authorization will not be used to thwart a takeover bid.

Vote proposals to increase blank check preferred authorizations on a case-by-case basis.

VII. Debt Issuance Requests

Vote non-convertible debt issuance requests on a case-by-case basis, with or without preemptive rights.

Vote for the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets the guidelines on equity issuance requests.

Vote for proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

VIII. Pledging of Assets for Debt

Vote proposals to approve the pledging of assets for debt on a case-by-case basis.

IX. Increase in Borrowing Powers

Vote proposals to approve increases in a company's borrowing powers on a case-by-case basis.

X. Share Repurchase Plans

Aegon NL will generally vote for market repurchase authorities (share repurchase programs) if the terms comply with the following criteria:

- A repurchase limit of up to 10 percent of outstanding issued share capital;
- A holding limit of up to 10 percent of a company's issued share capital in treasury ("on the shelf"); and duration of no more than 18 months.

Authorities to repurchase shares in excess of the 10 percent repurchase limit will be assessed on a case-by-case basis. Aegon NL may support such share repurchase authorities under special circumstances, which are required to be publicly disclosed by the company, provided that, on balance, the proposal is in shareholders' interests. In such cases, the authority must comply with the following criteria:

- A holding limit of up to 20 percent of a company's issued share capital in treasury ("on the shelf");, and duration of no more than 18 months.

Dutch companies are allowed to repurchase up to 50% of outstanding issued share capital. Nevertheless the maximum "on the shelf" thresholds of 10% (normal circumstances) or 20% (special circumstances) still apply, which means that previously repurchased shares must be cancelled. This cancellation must be a voting item on the agenda of the shareholders' meeting.

In addition, Aegon NL will recommend against any proposal where:

- The repurchase can be used for takeover defenses;
- There is clear evidence of abuse;
- There is no safeguard against selective buybacks;
- Pricing provisions and safeguards are deemed to be unreasonable in light of market practice.

XI. Cancellation of Repurchased Shares

Vote for cancellation of repurchased shares when this is in shareholders' interest.

XII. Reissuance of Repurchased Shares

Vote for requests to reissue any repurchased shares unless there is clear evidence of abuse of this authority in the past.

XIII. Capitalization of reserves for Bonus Issues/Increase in Par Value.

Vote for requests to capitalize reserves for bonus issues of shares or increase par value.

XIV. Private Placement

Generally vote for the private placement issuance if it is expected that the company will file for bankruptcy if the transaction is not approved or the company's auditor/management has indicated that the company has going concern issues.

6. Compensation

I. Management Board (Executives)

1) Remuneration Policy

The remuneration policy applicable to management board members should be clear and understandable, should focus on long-term value creation for the company and its affiliated enterprises, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage management board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established.

The remuneration structure, including severance pay, is such that it does not 'reward' failing board members upon termination of their employment. The level and structure of remuneration shall be determined in the light of, among other things, the results, the share price performance and other developments relevant to the company.

The shares held by a management board member in the company on whose board he sits are long-term investments. The remuneration in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). Severance pay will not be awarded if the agreement is terminated early at the initiative of the management board member, or in the event of seriously culpable or negligent behavior on the part of the management board member.

The following aspects should in any event be taken into consideration when formulating the remuneration policy (DCGC 3.1.2):

- The objectives for the strategy for the implementation of long-term value creation within the meaning of best practice provision 1.1.1;
- The scenario analyses carried out in advance;
- The pay ratios within the company and its affiliated enterprise;
- The development of the market price of the shares;
- An appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
- If shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
- If share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. Share options cannot be exercised during the first three years after they are awarded.

2) Remuneration – executive committee (DCGC 3.1.3)

If the management board works with an executive committee, the management board should inform the supervisory board about the remuneration of the members of the executive committee who are not management board members. The management board should discuss this remuneration with the supervisory board annually.

A vote for the remuneration policy is granted if the company meets all of the Dutch Corporate Governance Code best practice provisions. If not, an assessment is made on a case-by-case basis.

3) Remuneration Report

The supervisory board shall determine the remuneration of the individual members of the management board, within the limits of the remuneration policy adopted by the general meeting of shareholders.

The remuneration committee should prepare the remuneration report. This report should in any event describe, in a transparent manner, in addition to the matters required by law (DCGC 3.4.1):

- How the remuneration policy has been implemented in the past financial year;
- How the implementation of the remuneration policy contributes to long-term value creation;
- That scenario analyses have been taken into consideration;
- The pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;
- In the event that a management board member receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and performance; and
- In the event that a current or former management board member receives a severance payment, the reason for this payment.

A vote for the remuneration report is granted if the company meets all of the Dutch Corporate Governance Code best practice provisions. If not, an assessment is made on a case-by-case basis.

II. Supervisory Board (Non-executives)

The general meeting of shareholders shall determine the remuneration of supervisory board members. The remuneration of a supervisory board member is not dependent on the results of the company. The notes to the annual accounts shall, in any event, contain the information prescribed by law on the level and structure of the remuneration of individual supervisory board members.

A vote for is granted if the company meets all of the following Dutch Corporate Governance Code best practice provisions. If not, an assessment is made on a case-by-case basis.

- 3.3.1 The remuneration of the supervisory board members should reflect the time spent and the responsibilities of their role.
- 3.3.2 A supervisory board member shall not be granted any shares and/or rights to shares by way of remuneration.
- 3.3.3 Any shares held by a supervisory board member in the company on whose board he serves should be long-term investments.

7. Environmental and Social Issues

I. Our position on Responsible Business Conduct

Where a company is facing severe ESG controversies and violates internationally established norms as laid down in our Responsible Investment policy, we may consider holding the board members accountable and vote accordingly. We will particularly analyze cases where the company reported significant and repeated failure to act in accordance with or provide adequate transparency on important Environmental, Social and Governance standards, in particular the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

When evaluating the ESG profile of a company, we also take a closer look at the available disclosures and seek ways to actively engage with companies who contravene these standards or failed to adequately address relevant issues. We may also (co)file shareholder resolutions advocating for enhanced ESG disclosure and management.

Social and Environmental Proposals- Overall Approach

Our policy generally supports standards-based ESG shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large. In particular, the policy will focus on resolutions seeking greater transparency and/or adherence to internationally recognized standards and principles.

Generally vote in favor of social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value. In determining votes on shareholder social and environmental proposals, the following factors are considered:

- Whether the proposal itself is well framed and reasonable;
- Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;
- The percentage of sales, assets and earnings affected;
- Whether the company has already responded in some appropriate manner to the request embodied in a proposal;
- Whether the company's analysis and voting recommendation to shareholders is persuasive;
- What other companies have done in response to the issue;
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;
- Whether implementation of the proposal would achieve the objectives sought in the proposal.

II. Environmental, Social, and Governance (ESG) Compensation-Related Proposals

Generally vote for proposals to link, or report on linking, executive compensation to environmental and social criteria (such as corporate downsizings, customer or employee satisfaction, community involvement, human rights, environmental performance, or predatory lending).

1) Climate Change

We will vote for:

- Shareholder proposals seeking information on the financial, physical, or regulatory risks it faces related to climate change on its operations and investments, or on how the company identifies, measures, and manage such risks.
- Shareholder proposals calling for the reduction of GHG emissions.
- Shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change.
- Shareholder proposals requesting a report/disclosure of goals on GHG emissions from company operations and/or products.

2) Energy Efficiency

Generally vote for proposals requesting that a company reports on its energy efficiency policies

3) Renewable Energy

Generally vote for requests for reports on the feasibility of developing renewable energy resources. Generally vote for proposals requesting that the company invest in renewable energy resources.

4) Animal Welfare Policies

Generally vote for proposals seeking a report on a company's animal welfare standards, or animal welfare-related risks, unless:

- The company has already published a set of animal welfare standards and monitors compliance;
- The company's standards are comparable to industry peers; and
- There are no recent significant fines, litigation, or controversies related to the company's and/or its suppliers' treatment of animals.

5) Pharmaceutical Pricing and Access to Medicines

Vote case-by-case on proposals requesting that a company report on its product pricing or access to medicine policies, considering:

- The potential for reputational, market, and regulatory risk exposure;
- Existing disclosure of relevant policies;
- Deviation from established industry norms;

- Relevant company initiatives to provide research and/or products to disadvantaged consumers;
- Whether the proposal focuses on specific products or geographic regions;
- The potential burden and scope of the requested report; and
- Recent significant controversies, litigation, or fines at the company.

Generally vote for proposals requesting that a company report on the financial and legal impact of its prescription drug reimportation policies unless such information is already publicly disclosed.

6) Human Rights Proposals

Generally vote for proposals requesting a report on company or company supplier labor and/or human rights standards and policies.

We will vote for:

- Shareholder proposals to implement human rights standards and workplace codes of conduct.
- Shareholder proposals calling for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or the Global Sullivan Principles.
- Shareholder proposals that call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights.
- Shareholder proposals that call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes.
- Shareholder proposals that seek publication of a “Code of Conduct” to the company’s foreign suppliers and licensees, requiring they satisfy all applicable standards and laws protecting employees’ wages, benefits, working conditions, freedom of association, and other rights.
- Shareholder proposals seeking reports on, or the adoption of, vendor standards including: reporting on incentives to encourage suppliers to raise standards rather than terminate contracts and providing public disclosure of contract supplier reviews on a regular basis.
- Shareholder proposals to adopt labor standards for foreign and domestic suppliers to ensure that the company will not do business with foreign suppliers that manufacture products for sale using forced labor, child labor, or that fail to comply with applicable laws protecting employee’s wages and working conditions.
- Shareholder proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process.

7) Community Social and Environmental Impact Assessments

Generally vote for requests for reports outlining policies and/or the potential (community) social and/or environmental impact of company operations considering:

- Current disclosure of applicable policies and risk assessment report(s) and risk management procedures;
- The impact of regulatory non-compliance, litigation, remediation, or reputational loss that may be associated with failure to manage the company's operations in question, including the management of relevant community and stakeholder relations;
- The nature, purpose, and scope of the company's operations in the specific region(s);
- The degree to which company policies and procedures are consistent with industry norms; and
- Scope of the resolution.

8) Product Safety and Toxic/Hazardous Materials

Generally vote for proposals requesting that a company report on its policies, initiatives/procedures, and oversight mechanisms related to toxic/hazardous materials or product safety in its supply chain. Generally vote for resolutions requesting that companies develop a feasibility assessment to phase-out of certain toxic/hazardous materials, or evaluate and disclose the potential financial and legal risks associated with utilizing certain materials.

Equality of Opportunity

Generally vote for proposals requesting a company disclose its diversity policies or initiatives, or proposals requesting disclosure of a company's comprehensive workforce diversity data. Generally vote for proposals seeking information on the diversity efforts of suppliers and service providers.

9) Gender Identity, Sexual Orientation, and Domestic Partner Benefits

Generally vote for proposals seeking to amend a company's Equal Employment Opportunity statement or diversity policies to prohibit discrimination based on sexual orientation and/or gender identity, unless the change would be unduly burdensome.

10) Gender Pay Gap

Generally vote case-by-case on requests for reports on a company's pay data by gender, race, or ethnicity or a report on a company's policies and goals to reduce any gender, race, or ethnicity pay gap, taking into account:

- The company's current policies and disclosure related to both its diversity and inclusion policies and practices and its compensation philosophy and fair and equitable compensation practices;
- Whether the company has been the subject of recent controversy, litigation, or regulatory actions related to gender, race, or ethnicity pay gap issues; and
- Whether the company's reporting regarding gender race, or ethnicity pay gap policies or initiatives is lagging its peers.

8. Other Items

I. Reorganizations/Restructurings

Vote reorganizations and restructurings on a case-by-case basis.

II. Mergers and Acquisitions

Vote case-by-case on mergers and acquisitions taking into account the following:

For every M&A analysis, Aegon NL reviews publicly available information as of the date of the report and evaluates the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- **Valuation:** Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, Aegon NL places emphasis on the offer premium, market reaction, and strategic rationale.
- **Market reaction:** How has the market responded to the proposed deal? A negative market reaction will cause Aegon NL to scrutinize a deal more closely.
- **Strategic rationale:** Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.
- **Conflicts of interest:** Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? Aegon NL will consider whether any special interests may have influenced these directors and officers to support or recommend the merger.
- **Governance:** Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.
- **Stakeholder impact:** Impact on community stakeholders including impact on workforce, environment, etc.

Vote against if the companies do not provide sufficient information upon request to allow shareholders to make an informed voting decision.

Vote for debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

III. Proxy Fights

Vote proxy fights on a case-by-case basis.

IV. Mandatory Takeover Bid Waivers

Vote proposals to waive mandatory takeover bid requirements on a case-by-case basis.

V. Reincorporation Proposals

Vote reincorporation proposals on a case-by-case basis.

VI. Expansion of Business Activities

Vote for resolutions to expand business activities unless the new business takes the company into risky areas.

VII. Related-Party Transactions

In evaluating resolutions that seek shareholder approval on related-party transactions (RPTs), vote on a case-by-case basis, considering factors including, but not limited to, the following:

- The parties on either side of the transaction;
- The nature of the asset to be transferred/service to be provided;
- The pricing of the transaction (and any associated professional valuation);
- The views of independent directors (where provided);
- The views of an independent financial adviser (where appointed);
- Whether any entities party to the transaction (including advisers) is conflicted; and
- The stated rationale for the transaction, including discussions of timing.

If there is a transaction that is deemed problematic and that was not put to a shareholder vote, Aegon NL may vote against the election of the director involved in the related-party transaction or the full board.

VIII. Antitakeover Mechanisms

Generally vote against all antitakeover proposals, unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

For the Netherlands, in general, Aegon NL will vote for protective preference shares (PPS) only if:

- The supervisory board needs to approve an issuance of shares and the supervisory board is independent within the meaning of the Dutch Corporate Governance Code (i.e. a maximum of one member can be non-independent);
- No call / put option agreement exists between the company and a foundation for the issuance of PPS;
- The issuance authority is for a maximum of 18 months;
- The board of the company-friendly foundation is fully independent;
- There are no priority shares or other egregious protective or entrenchment tools;

- The company states specifically that the issue of PPS is not meant to block a takeover, but will only be used to investigate alternative bids or to negotiate a better deal;
- The foundation buying the PPS does not have as a statutory goal to block a takeover; and
- The PPS will be outstanding for a period of maximum 6 months (an EGM must be called to determine the continued use of such shares after this period).

IX. Shareholder Proposals

Proposals dealing with environmental and social themes are covered by their own dedicated policy, presented separately in chapter 6 of this document.

Aegon NL will vote on a case-by-case basis. The following will be considered:

- If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
- Whether the proposal's request is unduly burdensome (scope, timeframe, or cost) or overly prescriptive;
- The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;

If it appears that a company already deals adequately with the request as mentioned in the shareholder resolution, or if the shareholder proposal is poorly drafted or the argumentation as used by the filers of the proposal is lacking, we may not support the proposal.

Vote for proposals that would improve the company's corporate governance or business profile at a reasonable cost.

Vote against proposals that limit the company's business activities or capabilities or result in significant costs being incurred with little or no benefit.

X. Authority to Reduce Minimum Notice Period for Calling a Meeting

A recommendation to approve the “enabling” authority proposal would be on the basis that Aegon NL would generally expect companies to call EGMs/GMs using a notice period of less than 21 days only in limited circumstances where a shorter notice period will be to the advantage of shareholders as a whole, for example, to keep a period of uncertainty about the future of the company to a minimum. This is particularly true of capital raising proposals or other price sensitive transactions. By definition, AGMs, being regular meetings of the company, should not merit a notice period of less than 21 days.

In a market where local legislation permits an EGM/GM to be called at no less than 14-days' notice, Aegon NL will generally vote in favor of a resolution to approve the enabling authority if the company discloses that the shorter notice period of between 20 and 14 days would not be used as a matter of routine for such meetings, but only when the flexibility is merited by the business of the meeting. Where the proposal(s) at a given EGM/GM is (are) not time-sensitive, such as the approval of incentive plans, Aegon NL would not expect a company to invoke the shorter notice notwithstanding any prior approval of the enabling authority proposal by shareholders.

In evaluating an enabling authority proposal, Aegon NL would first require that the company make a clear disclosure of its compliance with any hurdle conditions for the authority imposed by applicable law, such as the provision of an electronic voting facility for shareholders. In addition, with the exception of the first AGM at which approval of the enabling authority is sought following implementation of the European Shareholder Rights Directive, when evaluating an enabling authority proposal Aegon NL will take into consideration the company's use (if any) of shorter notice periods in the preceding year to ensure that such shorter notice periods were invoked solely in connection with genuinely time-sensitive matters. Where the company has not limited its use of the shorter notice periods to such time sensitive-matters and fails to provide a clear explanation for this, Aegon NL will consider a vote against the enabling authority for the coming year.

Appendix: Aegon NL Classification of Directors

I. Executive Director

- Employee or executive of the company or a wholly-owned subsidiary of the company;
- Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company.

II. Non-Independent Non-Executive Director (NED)

- Any director who is attested by the board to be a non-independent NED;
- Any director specifically designated as a representative of a shareholder of the company;
- Any director who is also an employee or executive of a significant¹ shareholder of the company;
- Any director who is also an employee or executive of a subsidiary, associate, joint venture, or company that is affiliated with a significant¹ shareholder of the company;
- Any director who is nominated by a dissenting significant¹ shareholder unless there is a clear lack of material² connection with the dissident, either currently or historically;
- Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., members of a family that beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances);
- Government representative;
- Currently provides (or a relative³ provides) professional services⁴ to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in excess of USD10,000 per year;
- Represents customer, supplier, creditor, banker, or other entity with which the company maintains a transactional/commercial relationship (unless the company discloses information to apply a materiality test⁵);
- Any director who has conflicting or cross-directorships with executive directors or the chairman of the company;
- Relative³ of a current or former executive of the company or its affiliates;
- A new appointee elected other than by a formal process through the general meeting (such as a contractual appointment by a substantial shareholder);
- Founder/co-founder/member of founding family but not currently an employee;
- Former executive (five-year cooling off period);
- Years of service is generally not a determining factor unless it is recommended best practice in a market and/or in extreme circumstances, in which case it may be considered;

- Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance.

III. Independent Non-Executive Director (NED)

- No material² connection, either direct or indirect, to the company (other than a board seat) or to a significant shareholder.

IV. Employee Representative

- Represents employees or employee shareholders of the company (classified as "employee representative" and considered a non-independent NED).

Footnotes

1. At least 10 percent of the company's stock, unless market best practice dictates a lower ownership and/or disclosure threshold.
2. For purposes of Sustainability Advisory Services' director independence classification, "material" will be defined as a standard of relationship financial, personal, or otherwise that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders.
3. "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, step-children, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.
4. Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship.
5. A business relationship may be material if the transaction value (of all outstanding transactions) entered into between the company and the company or organization with which the director is associated is equivalent to either 1 percent of the company's turnover or 1 percent of the turnover of the company or organization with which the director is associated; or

A business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value (of all outstanding financing operations) compared to the company's total assets is more than 5 percent.