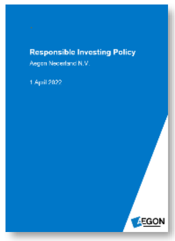
Responsible Investing Policy Aegon Nederland N.V.

1 January 2023

Contents

1. Reading guide

In conjunction with the Responsible Investing Exclusion List, this document forms the responsible investing framework of Aegon Nederland N.V. ("Aegon NL").

Document name	Description	Link to document
Responsible Investing Policy or RI Policy **(This document)**	This document is the overarching document in our Responsible Investing Framework. It describes our approach to responsible investing and provides guidelines for use when implementing the RI Policy's requirements in our investment decision-making processes.	 EN
Responsible Investing Exclusion List	This document provides an overview of the companies and sovereign issuers we have excluded from our investible universe. This document is updated regularly when any additional exclusions are decided upon.	 EN

By executing the RI Policy, Aegon NL also complies with the requirements set out by its parent company, Aegon N.V., in the Aegon N.V. Responsible Investing Policy.

2. Definitions

The following terms are used throughout this document and in other documents relating to Aegon NL's responsible investing framework.

Term	Definition
Active ownership	An approach to mitigating or managing Sustainability risks and Adverse impacts associated with our investment decisions, where we attempt to use our influence as a large investor to encourage the companies in which we invest to make positive changes to their business for the benefit of investors, society and the planet. This includes engaging with companies as well as exercising any voting rights we hold.
Adverse impacts	Potential or actual negative impacts of investment decisions on sustainability factors, such as environmental, social, and employee matters or respect for human rights, anti-corruption, and anti-bribery matters. Also known as Responsible Business Conduct risks.
Biodiversity	Biodiversity, also known as biological diversity, is the variety of life on earth. It comprises variability within species, among species, and of ecosystems. It also refers to the complex relationships among living things, and between things in their environment.
Climate change	Climate change is the long-term change in the average weather patterns that have come to define the earth's local, regional and global climates. Climate change includes both the global warming driven by greenhouse gas emissions as a result of human activity, and the resulting large-scale changes in the earth's weather patterns.
ESG	Environmental, social and governance
ESG factors	Environmental, social and governance factors, such as Greenhouse gas emissions, workplace safety, and board diversity.
ESG integration	The process of systematically considering financially material ESG factors in the investment decision-making process with the aim of identifying Sustainability risks.
Exclusion List	A list of companies and sovereign issuers in which Aegon NL does not permit any new investments to be made.
General account assets	Proprietary assets owned by Aegon NL or its subsidiaries for its own risk and return.

Term	Definition
Greenhouse gas (GHG) emissions	Greenhouse gas emissions are gases that trap heat in the Earth's atmosphere. They are produced by human and natural activities. Common greenhouse gases include Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (NO_2), and fluorinated gases.
Separate account assets	Client assets owned by subsidiaries of Aegon NL and managed on behalf of and for the account of their clients. For a large part, these are insurance-linked assets where Aegon Leven has guaranteed minimum investment returns for its clients.
Sustainability risks	An ESG-related event or condition that, if it occurs, could result in an actual, or potentially material, negative impact on the value of the investment.
Third-party client assets	Assets not owned but managed by subsidiaries of Aegon NL. Consequently, the subsidiaries of Aegon NL have a duty of care towards their third-party clients in relation to these assets.
Sustainable Development Goals (SDGs)	The Sustainable Development Goals (SDGs) are a collection of 17 goals that serve as the blueprint for achieving a better and more sustainable future for all. The SDGs lie at the heart of the 2030 Agenda for Sustainable Development that was adopted by all United Nations Member States in 2015.

3. Introduction

I. Purpose

As a responsible business, we seek to understand the materiality of ESG factors on the value of our investments, as well as the impact of our decisions on the world around us. This includes the decisions we make regarding our operations, as well as the decisions we make about the products and services we choose to offer to our clients. It also includes the investment decisions we make regarding General account assets, Separate account assets, and Third-party client assets.

As an investor in a wide range of different companies and countries, we recognize that the impact of our investment decisions can be far reaching and potentially positive or negative for both people and the planet. We also recognize the potential financial impact that ESG factors can have on the value of our investments. For this reason, we require ESG factors to be integrated throughout our investment decision-making processes alongside traditional financial considerations.

Integrating ESG factors in our investment decision-making process allows us to identify Sustainability risks that could negatively impact the value of our investments, something which we consider to be part of our fiduciary duty to our clients and shareholders. ESG integration also helps us to identify the (potentially) negative impacts of our investment decisions on society and the environment, something which is equally important to us as we seek to mitigate Adverse impacts wherever we can. Lastly, ESG integration helps us to identify investments that have the potential to make a positive contribution to the many sustainability challenges our society faces, such as Climate change or the loss of our planet's Biodiversity.

The Aegon NL Responsible Investing Policy ("RI Policy") has been prepared to guide how in-scope investments should be managed in order to avoid causing or contributing to significant harm to people and/or the planet, and to help us invest in a way that delivers value to our clients, reduces risk, and, under specific accounts, attempts to have a positive impact in the world.

II. Scope

The RI Policy covers all General account assets, Separate account assets, and Third-party client assets.

Legal entities in scope include the following:

- Aegon Nederland N.V.
- Aegon Schadeverzekering N.V.
- Aegon Levensverzekering N.V.
- Aegon Spaarkas N.V.
- Aegon Bank N.V. (Knab)
- Aegon Hypotheken B.V.
- Aegon Cappital B.V.

Aegon NL's Responsible Investing Committee oversees implementation of the RI Policy across in-scope legal entities. Where investments are originated directly by an Aegon entity, or an external asset manager is used, Aegon NL and its subsidiaries have policies and procedures in place to ensure that these investments are managed consistently with the RI Policy.

III. Exemptions

By default, all in-scope assets as defined in section 3.II should be managed in line with the RI Policy's requirements. However, should an unavoidable situation arise which makes it impossible for an in-scope legal entity to implement one or more of the RI Policy's requirements on some or all of its assets, then the relevant legal entity should seek an exemption from the Aegon NL Responsible Investing Committee and publicly disclose which RI Policy requirements it does not comply with. This disclosure should also include an explanation as to why the exemption is necessary.

As of the date of publication of this policy, the following exemptions apply:

- Investments in unsecured loans to individuals and small and medium-sized enterprises for notional amounts of less than 500,000 euros are exempt from the sustainability analysis and sustainable investing restrictions outlined in section 8 of the RI Policy due to the complexity and cost of obtaining sufficiently reliable sustainability information from these borrowers.

- Certain clients of Aegon Cappital B.V. have specifically requested that their assets be managed differently from the requirements in this policy, based on legal requirements applicable to those clients. These Third-party client assets are exempt.

4. Integration of ESG factors in our investment decision-making processes

We integrate financially-relevant and material ESG factors throughout our investment decision-making processes in order to ensure we have a holistic understanding of our investments. In other words, we take account of ESG-related events or conditions that, if occur, could result in an actual, or potentially material, negative impact on the value of our investment.

By taking account of ESG factors alongside traditional financial considerations in the investment appraisal process, we develop a clear understanding of the Sustainability risks facing an individual investment. This allows us to make informed decisions about the potential risks to an investment's value should a material ESG-related risk event occur. We can then act, if needed, to protect the value of our and our clients' investments.

When looking at investments, we consider a wide range of different ESG factors that are financially material and relevant. The specific ESG factors we look at often vary depending on the asset class or sector in question. This analysis occurs prior to us making an investment decision, as well as during the ongoing monitoring of our investment portfolios.

Where we identify significant Sustainability risks associated with our investments in companies, we use our Active ownership practices to attempt to influence the investee companies to manage such risks in an appropriate way. This entails engaging with those companies, and exercising shareholder voting rights where we have them. Topics covered under these engagements can be wide-ranging and include issues such as pushing for executive remuneration to be appropriately linked to corporate performance, or ensuring worker health & safety is appropriately managed. Further information on our Active ownership practices can be found in section 7.

For the avoidance of doubt, Sustainability risks can only be managed in this way in actively-managed investment portfolios. Passively-managed investment portfolios that do not track ESG or sustainability-influenced benchmarks are not subject to proprietary investment analysis and therefore do not consider Sustainability risks. Passively-managed investment portfolios that track ESG or sustainability-influenced benchmarks make use of the respective benchmark index provider's consideration of Sustainability risks, which will be based on their proprietary index construction methodology.

5. Identifying and monitoring Adverse impacts

In addition to identifying Sustainability risks associated with our investments, we believe it is equally important to identify where our investment decisions are causing, or contributing to, significant harm to people and/or the planet (i.e. potential and actual Adverse impacts). Doing so allows us to take mitigating actions if needed to prevent causing, or contributing to, significant harm with our and our clients' investments.

Our approach to managing and mitigating such Adverse impacts consists of engaging, voting, and, where we feel we can have limited influence as an active owner, ultimately divesting from or adding investments to our Exclusion List. We describe our approach to mitigation in more detail in section 7.

Since it impossible for us to take account of all (potentially) negative effects simultaneously, we group potential Adverse impacts under five key topics that we prioritize in our approach:

- Climate change
- Biodiversity
- Inclusion & diversity
- Health & wellbeing
- Human rights

We have prioritized these topics on the basis that if an Adverse impact relating to one or more of these topics occurs, then the resulting impact on people and the environment has the potential to be extremely significant, often with potentially irremediable consequences.

In the remainder of this section we provide further explanation on why we find these topics important. We also include details of the metrics[1] that we make use when monitoring progress on reducing principal Adverse impacts across investment portfolios, as well as the targets and exclusion rules that we have agreed upon for each topic.

[1] We have selected metrics for each topic based on the mandatory and additional adverse sustainability indicators proscribed in EU Delegated Regulation 2022/1288 (EU SFDR Level 2 Regulation). Additional indicators have chosen based on the reliability of the data that is currently available.

I. Climate change

Climate change represents one of the greatest systemic risks for society, the economy, and financial institutions. Mitigating Climate change and reducing greenhouse gas ("GHG") emissions are major global challenges. This is underpinned by the SDGs, where SDG 7 aims to ensure access to affordable, reliable, sustainable and modern energy, and SDG 13 calls on countries to take urgent action to combat Climate change and its impacts by regulating emissions and promoting developments in renewable energy.

Aegon believes that governments, companies, and investors have a responsibility to facilitate the transition to a climate-resilient, net-zero 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.

Aegon N.V. is a signatory to the Paris Pledge for Action and a member of the Net Zero Asset Owner Alliance, affirming its strong commitment to support the transition to a climate-resilient world with net zero GHG emissions. Its main asset manager, Aegon Asset Management, is a member of the Net Zero Asset Manager initiative, and is committed to helping clients, including Aegon, transition their investment portfolios to net-zero financed GHG emissions by 2050, or sooner, in line with efforts to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

In line with these beliefs and Aegon's commitments, Aegon NL has made the following commitments:

External commitment	Description	Our action plan
Spitsbergen Ambition	Aegon NL signed the Spitsbergen Ambition in 2018. This committed us to taking a number of actions from 2020 onwards, including: • Measuring and reporting on the greenhouse gas emissions financed of our lending and investing activities • Using scenario analysis and science-based targets to align our investments with the Paris Agreement • Integrating concrete climate goals into our organization to stimulate positive climate action	We have been measuring the GHG emissions financed by the majority of our General account assets, Separate Account assets, and Third-party client assets since 2018. This data has been reported externally on an annual basis since 2020 in the Aegon NL Responsible Business Report. We are investigating the benefits of using climate-informed scenario analysis for investment decision-making purposes. We are working on setting, validating and publishing science-based targets for our investments before the end of 2023 after our commitment letter was approved

External commitment	Description	Our action plan
		by the Science Based Targets initiative in January 2022.
Dutch Climate Agreement	Aegon NL signed the financial sector commitment to the Dutch Climate Agreement (Klimaatakkoord) in 2019. This committed us to taking a number of actions, including: • Measuring and reporting on the greenhouse gas emissions financed by our of our General account, Separate accounts and Third-part client assets from 2020 onwards • Announcing an action plan (including targets) that sets out how we will align our investments with the Paris Agreement by the end of 2022 at the latest	We have been measuring the GHG emissions financed by the majority of our General account assets, Separate account assets, and Third-party client assets since 2018. This data has been reported externally on an annual basis since 2020 in the Aegon NL Responsible Business Report. We have set and published Climate change targets for our investments covering the period 2020-2025. See section 0 for more information.

5.I.1 Climate change targets

In line with our commitment to the Dutch Climate Agreement, and Aegon's commitment to the Net Zero Asset Owner Alliance, we published our ambition of reaching net-zero financed emissions by 2050 at the latest in November 2021. This target covers all General account assets, Separate account assets, and Third-party client assets.

We are committed to taking immediate action to reach our longer-term goal and intend to set binding targets every five years to ensure that we remain on track. Intermediate targets covering the periods 2020-2024 and 2025-2029 have been already been agreed for all General account assets. These are outlined in the following table.

Climate change targets for General account investments

<table>
<tr><th rowspan="2">Target type</th><th colspan="2">Targets</th></tr>
<tr><th>Short term</th><th>Medium term</th></tr>
<tr><td rowspan="2">Reduce & engage</td><td>• 30% reduction in absolute carbon emissions of General account assets before 31 December 2024 versus 31 December 2019
• 25% reduction in weighted-average carbon intensity (WACI) of corporate fixed income and listed equity investments in General account assets before 31 December 2024 versus 31 December 2019</td><td>• 30% reduction in absolute carbon emissions of General account assets before 31 December 2029 versus 31 December 2019</td></tr>
<tr><td>• Engage with top 25 corporate GHG emissions emitters held in General account assets as at 31 December 2021 to set a science-based target for their business by no later than 31 December 2024</td><td></td></tr>
</table>

Target type	Targets	
	Short term	Medium term
Avoid & adapt	• Invest EUR 1 billion from our General account assets before 31 December 2024 in climate-positive investments that help to avoid additional greenhouse gas emissions from being generated and/or help our society to adapt to the worst impacts of Climate change. See section 0 for information on eligible assets for this target.	
Remove	• Research the possibilities for investing in techniques and projects for the removing greenhouse gas emissions from the atmosphere that cannot be eliminated by other means, with a view to setting a 2030 target before 31 December 2024.	

In addition to the above, we have also committed to bringing all Separate account assets and Third-party assets in scope of our Climate Action Plan by no later than 31 December 2025. This means that we will also set targets to align those assets with the Paris Agreement in the coming years.

5.I.2 Climate change metrics

To monitor our progress against this priority topic, we will measure and report on the following indicators for our investments in companies, subject to the availability of reliable data:

Adverse impact indicator	Metric
GHG emissions	Scope 1 GHG emissions (tCO2e)
	Scope 2 GHG emissions (tCO2e)
	Scope 3 GHG emissions (tCO2e)
	Total GHG emissions (tCO2e)
Carbon footprint	Carbon footprint (tCO2e per EURm invested)
GHG intensity of investee companies	GHG intensity of investee companies (tCO2e per EURm investee company revenue)

Adverse impact indicator	Metric
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage (%)
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

For our investments in sovereign debt, we will measure and report on the following indicators, subject to the availability of reliable of data:

Adverse impact indicator	Metric
GHG intensity	GHG intensity of investee countries
Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds

For our investments in direct real estate, we will measure and report on the following indicators, subject to the availability of reliable of data

Adverse impact indicator	Metric
Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transportation or manufacture of fossil fuels
Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets
Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter

For our investments in mortgages, we will measure and report on the following indicator, subject to the availability of reliable of data.

Adverse impact indicator	Metric
GHG emissions	Scope 1 GHG emissions (tCO2e)
	Scope 2 GHG emissions (tCO2e)
	Scope 3 GHG emissions (tCO2e)
	Total GHG emissions (tCO2e)

5.I.3 Climate change exclusions

To partially mitigate Adverse impacts related to Climate change, we exclude the following from our investible universe:

- Companies deriving 5% or more of their revenues from thermal coal exploration, mining or refining.

  In addition, companies that produce more than 20 million tons of thermal coal annually and are actively expanding exploration, mining or refining operations are also excluded, even if this is less than 5% of revenues.

- Companies deriving 5% or more of their revenues from thermal coal-fired electricity generation.

  In addition, companies that own coal-fired electricity generation capacity greater than 10 gigawatts and are actively expanding coal-fired electricity production capacity are also excluded, even if this is less than 5% of revenues.

- Companies deriving 5% or more of their total oil equivalent production from oil sands.
- Companies deriving 5% or more of their revenue from oil and gas exploration and production in offshore Arctic regions.
- Companies that are pipeline operators and which are significantly involved in oil sands transportation.

II. Inclusion & Diversity

At Aegon NL, we recognize that our workforce is made up of people from a wide range of backgrounds. We want everyone to feel that they can bring their authentic self to work without fear of judgment or discrimination.

Our inclusion & diversity approach is designed to support and enrich our culture, encourage employee participation, improve organizational effectiveness, and strengthen understanding of our customers' values. This approach also supports our Code of Conduct through raising awareness of our unconscious biases within a global training program, and by encouraging personal accountability for making the workplace more inclusive.

These beliefs are underpinned by SDG 5, which calls upon countries to achieve gender equality and to empower all women and girls. They are applied beyond our own operations as we seek to influence companies through active ownership to adopt similar inclusion & diversity practices. In our active ownership practices, we focus on board diversity as a key issue that companies should demonstrate progress against, and as a proxy for the company's broader approach to inclusion and diversity.

5.II.1 Inclusion & diversity metrics

To monitor our progress against this priority topic, we will measure and report on the following indicators, subject to the availability of reliable data:

Adverse impact indicator	Metric
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
Board gender diversity	Average ratio of female to male board members in investee companies

III. Biodiversity

Biodiversity underpins everything that sustains us and our society. Biodiversity is generally accepted to mean the totality of genes, species and ecosystems of a region. Permanent loss of Biodiversity represents one of the biggest systemic risks for all life on the planet and therefore also for society, the economy and financial institutions.

Mitigating the decline of our planet's Biodiversity is a major global challenge. The challenge is reflected in SDG 14, calling on countries to conserve and sustainably use oceans, seas and marine resources, and in SDG 15, which aims to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Aegon NL believes that governments, companies and investors have a responsibility to care for nature, the environment, water resources, and to preserve Biodiversity. We expect companies to take measures on these issues where they can.

In line with our beliefs on this topics, we have made the following commitment:

External commitment	Description	Our action plan
Finance for Biodiversity Pledge	Aegon NL was a founding signatory of the Finance for Biodiversity Pledge in 2020. This committed us to taking a number of actions by 2024 at the latest, including: • Collaborating and sharing knowledge with other investors on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact • Engaging with companies to reduce their negative and increase their positive biodiversity impact • Setting targets to increase the positive impact / decrease the negative impact of our investments on our planet's biodiversity • Reporting annually about the positive / negative impact of our investments on our planet's biodiversity	We are investigating how best to implement the Finance for Biodiversity Pledge's requirements in our investment decision-making and reporting processes. We already take account of biodiversity-related supply chain risks in our annual screening process and engage with companies on a wide range of biodiversity-related issues as part of our active ownership program.

5.III.1 Biodiversity metrics

To monitor our progress against this priority topic, we will measure and report on the following indicators, subject to the availability of reliable data:

Adverse impact indicator	Metric
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas
Emissions to water	Tones of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Hazardous waste ratio	Tones of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average

5.III.2 Biodiversity exclusions

To partially mitigate Adverse impacts related to Biodiversity, we exclude the following from our investible universe:

- Companies deriving 5% or more of their revenues from palm oil production and/or distribution.
- Companies managing forests with 75% or lower FSC certification coverage.

IV. Health & wellbeing

Good health and wellbeing are interrelated. This is underpinned by SDG 3, which aspires to ensure health and well-being for all. Aegon NL acknowledges that health and well-being have an impact on its clients and wider society. For example, improvements in medicine mean that people are on average living longer and are developing additional needs later in life. This creates additional responsibilities for society in general, as well as for Aegon NL.

Aegon NL believes that all companies have an important role to play in securing good health and wellbeing. This involves many things, including widening access to affordable healthcare and ensuring we live in a clean and sustainable environment, providing good employment conditions, and putting policies in place to encourage employees to have active and healthy lifestyles.

In line with these beliefs, Aegon NL has made the following commitment:

External commitment	Description	Our action plan
Access to Medicine Index (ATMI)	Aegon NL signed the Access to Medicine Index Investor Statement in 2020. This committed us to taking a number of actions, including: • Acknowledging the issue of access to medicine is potentially material to long-term shareholder value creation, and is a potentially relevant consideration when forming views on companies in the pharmaceutical sector • Reviewing and taking into account analysis generated by the Access to Medicine Index where appropriate for our investment due diligence • Providing input into the evolution of the Access to Medicine Index to ensure it considers the investment perspective and remains relevant to the debate on improving access to medicine	We publicly acknowledge the importance of promoting access to medicine throughout support of the Access to Medicine Investor Statement and incorporate the issue in our prioritization process when creating our annual Active Ownership Plan (see section 7). We actively engage with companies on the issue, including during the COVID-19 pandemic, to life-saving drugs and medicines can be accessed globally in a fair and equitable manner. We engage companies to participate actively in the data collection and verification process for the Access to Medicine Index as well as on their ATMI performance.

5.IV.1 Health & wellbeing metrics

Monitoring the impact of our investment on health & wellbeing is challenging and currently remains largely qualitative. However, our active participation in industry initiatives, such as the ATM Index, provides us with insight into topic expertise and benchmarking information that can serve as a useful basis to influence investee companies and monitor their progress.

5.IV.2 Health & wellbeing exclusions

To partially mitigate Adverse impacts related to health & wellbeing, we exclude the following from our investible universe:

- Companies deriving 5% or more of their revenues from tobacco production.

V. Human rights

The signing of the Universal Declaration of Human Rights in 1948 brought human rights into the realm of international law and laid the foundations for a fairer and more just world in the aftermath of the Second World War. In line with this declaration, Aegon NL believes that all governments and companies have a responsibility to respect and protect the freedoms and rights of all human beings. This responsibility is also reflected in SDG 16, which aims to promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.

This responsibility requires governments and companies to avoid causing or adversely contributing to human rights breaches through their own activities. In the case of companies, it also includes preventing or remedying human rights breaches directly arising from their operations, products and/or services.

For the purpose of the RI Policy, Aegon NL means all types of human rights, including (but not limited to) civil rights, political rights, social and economic rights, cultural rights, the rights of minorities, the rights of women and the rights of vulnerable groups, such as children and indigenous peoples.

Weapons

Aegon NL supports peace and believes that living in peace and freedom from fear are core human rights. However, Aegon NL does recognize that the use of certain types of weapons is unavoidable for achieving and maintaining internationally accepted objectives, such as peacekeeping, security and humanitarian missions.

Moreover, Aegon NL recognizes that every sovereign nation has the right to maintain peace and security. Though they should be prevented, situations can occur in which weapons are necessary to prevent war and promote stability. However, there is a substantial risk that weapons and their trade have the effect of propagating destruction, promoting or continuing armed conflict, causing harm to civilians and violating human rights.

Aegon NL considers the production and use of controversial weapons that have an indiscriminate and disproportional impact on civilian populations (e.g. weapons of mass destruction) to be unacceptable. The effects of these controversial weapons can often be felt for many years after armed conflicts end.

The prevention of controversial international arms trade is enshrined in the UN Arms Trade Treaty, which entered into force in December 2014. Recognizing that the primary responsibility of enforcing the UN Arms Trade Treaty lies with governments, Aegon NL monitors companies with heightened risk in this area (and engaging with them where necessary). Aegon NL uses its best efforts to refrain from investing in companies that are known to supply weapons to countries identified for arms embargoes by the UN Security Council, the United States or the European Union.

5.V.1 Human rights metrics

To monitor our progress against this priority topic, we will measure and report on the following indicators, subject to the availability of reliable data:

Adverse impact indicator	Metric
Exposure to controversial weapons (anti-personnel mines, cluster munitions)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.
Lack of a human rights policy	Share of investments in entities without a human rights policy

5.V.2 Human rights exclusions

To partially mitigate Adverse impacts related to human rights, we do not invest in any form of government-issued debt (e.g., government bonds) from countries that systematically breach human rights or from a country whose government is subject to an arms embargo by the United Nations Security Council, the United States, the European Union or another relevant multilateral arms embargo is in place.

In addition, we exclude the following from our investible universe:

- Companies that are involved in development, production, maintenance and trade of:
    - Anti-personnel mines
    - Biological or chemical weapons
    - Cluster munitions
    - Ammunitions containing depleted uranium
    - Incendiary weapons using white phosphorus
    - Nuclear weapon systems
- Companies that produce or develop key and dedicated components for controversial weapons, as listed above, or offer essential services for their use.
- Companies that are involved in arms trade to countries:
    - Where an arms embargo by the United Nations Security Council, the United States, the European Union or another relevant multilateral arms embargo is in place;
    - That are part of a war zone; and/or
    - Companies that are involved in arms trade to high-risk countries for which the Dutch Government applies a ‘presumption of denial’ when approving export licenses.
- All Russian and Belarussian companies.

6. Ensuring good governance

Good corporate governance is essential to long-term success and to ensure companies deliver value for all stakeholders, including shareholders. For the purpose of the RI Policy, Aegon NL has identified five focus areas regarding corporate governance: taxes, corruption, transparency, executive remuneration, and labor rights.

Taxes

Since paying taxes is a corporate responsibility, we expect companies to pay taxes in the countries where they have operations. In this respect, in our Active ownership activities, we refer to the OECD's framework on base erosion and profit shifting (BEPS), which outlines tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

Corruption

A wave of ethical scandals at businesses across the globe has eroded confidence and trust among investors, customers, employees and the general public. Companies are learning that they can be held responsible for not paying sufficient attention to the actions of their employees, agents and associated businesses. Aegon NL expects the companies in which it invests to adhere to high ethical standards and operate free from corruption. All companies, no matter how big or small, are vulnerable to corruption. Where companies fail to effectively combat corruption in all its forms, the risks and reputational damage can be severe.

Transparency

At the heart of good corporate governance lies the belief that stakeholders should be kept informed of all relevant information regarding a company's activities, future plans and risks associated with its business strategy. As a result, Aegon NL encourages the companies in which it invests to be transparent regarding their operations and be willing to provide clear and unbiased information to shareholders and other relevant stakeholders. These disclosures should be timely and accurate, allowing investors and other stakeholders to build up a clear picture of a company's financial position and its impact on society and the environment. Companies should also ensure that information regarding the roles and responsibilities of board members and management are made public to allow shareholders to keep them accountable.

We also expect the companies we invest in to report on Sustainability risks and Adverse impacts, preferably in an integrated way and in connection to the company's business strategy. Reporting should consist of all relevant economic, social, governance and environmental information that can positively or negatively impact shareholders and other stakeholders.

This information enables us to make better informed investment decisions given our long-term investment horizon.

Executive remuneration

Aegon NL believes that executive remuneration packages should be structured in such a way as to align executive, investor and society interests over the longer term. Executive remuneration should seek to optimize financial results and promote sustainable behavior without generating or exacerbating systemic risks that might undermine investors' long-term interests. Ideally, all companies would link executive remuneration to key ESG metrics, along with other performance criteria.

Labor rights

Labor rights include freedom of association, effective recognition of the right to collective bargaining, the elimination of all forms of discrimination in respect to employment, the elimination of all forms of forced labor, and the effective abolition of child labor. Labor rights arguably also have a direct impact on the aims of SDG 1 to end poverty and SDG 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Aegon NL expects companies to strive to provide good employment conditions by protecting labor rights and promoting a productive, safe, healthy and harassment-free environment.

For the analysis of companies and their labor rights policy and practices, we find the following elements important: living wage, working hours, safe and healthy working conditions, freedom of association, as well as abolishing forced labor and child labor.

In line with our beliefs on labor rights we have made the following commitment:

External commitment	Description	Status
Platform Living Wage Financials (PLWF)	Aegon NL joined the Platform Living Wage Financials in 2020 to help address the failure of companies to pay a living wage in global supply chains. This committed us to taking a number of actions, including: • Engaging with companies on their implementation of living wage across their global supply chains • Supporting the initiative by adding our expertise and manpower	We are an active member of the Garment & Retail working group. We contribute to further developing the engagements and assessments following the living wage assessment methodology. We regularly attend and actively participate in PLWF plenary meetings.

I. Monitoring good governance

We have developed and implemented an annual process that allows us to identify companies in breach or at risk of breaching good governance standards. This process is overseen by Aegon NL's Responsible Investing Committee and focuses on listed corporate (debt and equity) investments. Where data is available on unlisted corporate investments, we also include these investments in our screening process.

Our process is based on the due diligence process outlined in the OECD Guidelines for Multinational Enterprises[2]. It starts with an annual identification process, whereby we screen investments for compliance with global norms (e.g. the United Nations Global Compact Principles, the United Nations Guiding Principles on Business and Human Rights, or the OECD Guidelines for Multinational Enterprises) and relevant international treaties and conventions. In addition to trying to identify companies that are non-compliant with global norms, we also try to identify those that are at risk of breaching global norms. Where required, this allows us to take action to prevent and mitigate (potential) Adverse impacts or address poor governance.

Our screening process also aims to identify any environmental and social controversies that the companies we invest in have caused, contributed to, or are connected with. As part of our controversy screening, we aim to evaluate how severe the controversies in question are – both for the world and for our investment – and to determine the most likely outlook for the controversy going forward.

We continue to develop our annual screening process as new and better data becomes available, allowing us to more accurately implement the requirements of the OECD due diligence process. This has included expanding our screening process in recent years to attempt to identify potential or actual risks in the supply chains of the companies we invest in.

When implementing our annual screening process, we make use of third-party ESG research providers who assess an individual company's compliance with global norms, treaties and standards and categorize all controversies a company faces using a wide range of ESG data and criteria. This research serves as a starting point for our identification process and we follow up with subsequent analysis and assessment.

[2] OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises– https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf

II. Good governance metrics

To monitor our progress on ensuring good governance, we will measure and report on the following indicators, subject to the availability of reliable data:

Adverse impact indicator	Metric
Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complains handling mechanisms to address violations
Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column

III. Good governance exclusions

In section 23.I we describe our screening process to identify companies potentially in breach of good governance standards. Companies identified through this process enter our annual engagement program whereby we seek to verify the external research opinions and sources that identify potential and actual breaches, and also seek to better understand if and how companies are addressing such breaches.

We allow a maximum period of one year for engagement with companies identified as being non-compliant with global norms, and three years for companies identified to be at risk of non-compliance. After this period the identified companies are excluded from our investment universe and added to our Exclusion List, unless we determine that the company has taken sufficient steps to address the identified actual or potential breaches. The ultimate decision to exclude these companies is made by the Aegon NL Responsible Investing Committee.

7. Addressing Sustainability risks, Adverse impacts, and good governance

I. Engagement

We believe in being active owners of our investments. By this we mean using our influence as a large investor in bonds and equities to effect positive change in the world. We do this by engaging in a dialogue with companies in which we identify (potential) Adverse impacts, Sustainability risks, and/or poor governance practices. This dialogue provides us with an opportunity to highlight our findings, inform company management of our concerns, and advocate the changes we believe they should make to their business.

We believe that actively engaging with companies to improve their ESG performance and corporate behavior is generally more effective than excluding them from our investible universe. In terms of the standards that we follow when engaging with investee companies, we consider the Dutch Stewardship Code and the United Nations Principles for Responsible Investment.

Our engagement efforts focus on public corporate fixed income and listed equity investments. Aegon NL's Responsible Investing Committee oversees the implementation of Aegon NL's Active Ownership Plan, which covers, among other things, Aegon NL's engagement activities. Aegon NL works with an appointed asset manager (Aegon Asset Management) to execute its engagement activities and provides the asset manager with guidance on which companies to engage with, and on which topics to engage.

We recognize that it can take some time for a company to make the changes we ask of them. As such, we typically expect our engagement efforts to continue with a company for between three and five years. Throughout that time, Aegon NL's Responsible Investing Committee tracks engagement progress against pre-defined engagement goals on a quarterly basis.

Wider engagement with other stakeholders, such as employee unions and non-governmental organizations, may also form part of our engagement activities. Participating in collaborative engagements with other like-minded investors can sometimes be the best course of action to maximize our influence. We seek to strengthen our investor voice in engagement by actively participating in collaborative engagement platforms, such as Eumedion or the Institutional Investors Group on Climate Change.

Our preference is for engagement with companies to be private and confidential. This enables an open discussion that hopefully leads to resolution of our concerns. Nevertheless, we provide detailed insights into our engagement activities on an annual basis in our Responsible Business Report. This includes case studies and summary data on our engagement activities in a given calendar year.

7.I.1 Engagement process

We recognize that we cannot address and mitigate all potential and actual Adverse impacts, Sustainability risks, or poor governance practices. To be effective in our attempts at mitigating risks or the harm being caused or contributed to by our investment decisions, we need to focus our efforts and prioritize. In recognition of this, the Aegon NL Responsible Investing Committee prepares an Active Ownership Plan in the final quarter of each year.

The Active Ownership Plan includes, among other things, clear goals and priorities for Aegon NL's active ownership activities in the coming year. This includes, for example, which types of engagement efforts should be prioritized, and which topics should be focused on when engaging with investee companies.

The Aegon NL Responsible Investing Committee sets goals and priorities in the Active Ownership Plan by taking into account various different considerations, including:

- Minimum standards expected of Dutch investors, such as those defined in the International Responsible Business Conduct Agreement for the Dutch insurance sector;
- Our RI policy, and specifically the metrics we monitor, commitments and targets we set herein; and
- The demands and expectations of various stakeholders, including clients, employees, regulators, and non-governmental organizations.

As a default, the Aegon NL Responsible Investing Committee prioritizes active ownership activities which aim to address Sustainability risks and poor governance practices, and to mitigate harm being caused or contributed to by Aegon NL's investment decisions.

Each engagement has a specific objective stated at the outset, which is formulated according to the engagement trigger. These objectives stem from the ESG issue identified in the research or screening processes, a resolution at a shareholder meeting, or a standard outlined in the RI Policy. On behalf of Aegon NL, Aegon Asset Management then contacts the most appropriate person in the company with which to discuss the issue. For this engagement process a milestone system is used to better track and communicate engagement efforts:

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

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

Aegon Asset Management documents engagement objectives and targets when initiating an activity and stores and measures any progress in its in-house engagement database. This is linked to relevant systems and is shared with research and investment teams on an ongoing basis.

7.I.2 Escalation approach

If engagement does not yield the desired results, Aegon Asset Management intensifies efforts. This can be achieved in various ways, including increasing the frequency of communication, widening the scope of our engagement efforts to include multiple company representatives, or by teaming up with other investors in a collaborative engagement effort. For instances where we are a shareholder, we may also exercise ownership voting rights in those instances to vote against management or file a shareholder resolution.

In general, we try to engage with a company for at least three years, and up to five before choosing to end engagement efforts and considering divestment. In some cases, however, we may conclude the engagement and divest sooner. This can include:

- Where a company is expected to remain non-compliant with our policy standards due to the severity of the breach or the fundamental nature of its business; or
- Where a company in breach of our policy standards remains non-responsive to our attempts to communicate for over one year.

This process is overseen by Aegon NL's Responsible Investing Committee. Where we identify that further engagement is unlikely to make a difference – either because the company is unable or unwilling to take the steps needed to remedy the harm it is causing or contributing to – we will discuss the investment in detail to determine the most appropriate response. Excluded companies are disclosed in our Exclusion list at the beginning of every calendar year.

II. Voting

Just as with our engagement efforts, we utilize our shareholder voting rights to make our voice heard and influence change. We cast votes in line with our own Voting Guidelines below. In addition to using any voting rights to support our engagement efforts, we also support shareholder proposals that enhance long-term value creation and promote sustainable business practices.

Given the large number of companies in which we invest globally, we make use of a third-party proxy voting service to vote on our behalf at shareholders' meetings.

We are fully transparent on our approach and publicly make available a record of every vote we cast and the reason for casting it. This can be found on our website. We also provide insights into our voting activities on an annual basis in our Responsible Business Report. This includes case studies and summary data on our voting activities in a given calendar year.

7.II.1 Voting guidelines

The underlying principles that we apply when voting are founded in the Dutch Corporate Governance Code 2016 (hereafter referred to as ‘DCGC’), the Dutch Stewardship Code of 2018 (the ‘DSC’), the EU Shareholder Rights Directive II, and the ISS Sustainability Proxy Voting Guidelines. In all cases, implementation is carried out in such a way that respects these codes and guidelines and which constitutes good stewardship.

Voting is primarily executed by Aegon Asset Management as the preferred asset manager of Aegon NL. In principle, Aegon Asset Management will vote at all meetings of all listed companies to the extent that shares of these companies are held in one of Aegon NL’s portfolios. In share-blocking markets or other instances where voting a specific meeting is made overly burdensome, we can refrain from voting. Given the large number of companies Aegon NL invests in globally, a third-party proxy voting provider, Institutional Shared Services (ISS), is utilized to cast votes on Aegon NL’s behalf. In implementation we distinguish between three categories of votable shares.

The first and largest group we distinguish are the shares of foreign companies held in passively managed equity funds. For this group ISS provides Aegon NL with voting recommendations based on the ISS Sustainability 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).

However, in our experience the ISS Sustainability policy is closely aligned with our RI policy and enables us to vote all our shares in an efficient and cost-effective manner. On top of all traditional corporate governance topics, this policy emphasizes responsible business conduct and ESG proposals, such as those on the topics we prioritized: Climate change, inclusion and diversity, Biodiversity, health and well-being, and human rights.

The second group of shareholders’ meetings we distinguish are those of Dutch companies, where we want to comply with the DCGC, DSC and specific Dutch best practices, and therefore we get bespoke voting recommendations based on customized rules that are laid down in a voting implementation document. For items not covered in this implementation document, or without specific criteria, the voting recommendation is based upon the ISS Sustainability policy.

The third and final group concerns the internally (Aegon Asset Management) actively managed equity funds. For this group, shareholders’ meetings are voted only if we own 0.1% or more of the company’s outstanding shares. For the meetings that we vote, appropriate regional best practice will be followed. Where regional best practice is not clearly defined, international best practice codes, such as the G20 / OECD Principles of Corporate Governance, International Corporate Governance Network (ICGN) Global Governance Principles and Global Stewardship Principles are referenced.

For Dutch-listed companies, in line with the DSC in respect of investee companies that are listed, shares subject to stock lending arrangements are recalled to preserve our voting rights. 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 Dutch-listed 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 Aegon Asset Management 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.

7.II.2 Conflicts of interest

There may be a conflict of interest if we invest in a company that has a business relationship with us, or if we hold both bonds and shares in the same company. In these circumstances, we put the interests of our clients first. When conflicts arise, we will identify where our fiduciary responsibility lies and act accordingly. To reduce the potential conflicts of interest, we do not vote the shares that we hold in Aegon N.V. In general, Aegon Asset Management seeks to identify, manage and remedy actual and potential conflicts of interest.

7.II.3 Disclosure and reporting

Aegon NL maintains records of all votes that have been cast on its behalf at shareholder meetings. These records are published online on our vote disclosure website and updated continuously.

III. Exclusions

Although we believe firmly in being active owners of our investments and using our influence to change the behavior of the companies in which we invest, there is never a guarantee that our engagement and voting efforts will be successful.

Engagement efforts often fail to yield immediate results, and we understand some companies need time to adapt. On occasions, companies are not responsive to our calls, are unwilling to make the required changes, or have difficulties in addressing shortcomings in what we consider to be an acceptable timeframe. Under such circumstances, we as a company must decide on the most appropriate course of action, which can include the possibility of selling our holdings in the company and/or adding it to our Exclusion List.

We also choose not to invest in certain companies and countries by default because we deem them to be causing or contributing to significant harm to people and/or the planet. For companies, these exclusions are generally driven by the products and services they offer. For countries, they are typically related to human rights abuses or similar violations of global norms. These exclusions are described under each of the priority Adverse impact topics outlined in section 5.

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

A full list of all companies and countries that we exclude from our investible universe, including the reason why we exclude them, can be found in our Exclusion List. The Exclusion List is compiled annually using the broadest available research universe offered by our specialist ESG data providers. Therefore, since it is subject to the availability of appropriate research data, it should not be considered as a fully comprehensive list of issuers involved in excluded activities. Our Exclusion List is not applied to investments in index-based derivatives, such as futures or options, or structured credit.

IV. Third-party funds

When investing in funds offered by external investment managers, due diligence must be undertaken to evaluate whether the individual funds comply with the requirements of the RI Policy. Only funds that are managed in line with the RI Policy's requirements may be used.

For assets in scope of our sustainable investing targets outlined in section 8, this due diligence process must also evaluate whether the underlying investment strategy and process can identify and target investments as described in that section.

We will include the following as part of our up-front assessment of individual investment managers' ability to implement the requirements of the RI Policy:

- **ESG integration:** Is there a developed approach to integrating ESG factors in the investment process that aligns with the requirements of the RI Policy
- **Active ownership:** Does the investment manager demonstrate a commitment to active ownership, engagement and voting and implement this in a way that is aligned with the RI Policy
- **Exclusions:** Can the investment manager exclude all investments listed in the Aegon NL Exclusion List
- **PRI:** Is the investment manager a signatory to the United Nations Principles for Responsible Investment or demonstrate a commitment to similar principles
- **Communication:** Does the investment manager provide regular reporting on its responsible investing activities

External investment managers are expected to notify Aegon NL of any material changes to their responsible investing approach and/or policies.

Changes to the RI Policy will be communicated to external managers and applied where possible in a timely basis. Where it is not possible to apply new requirements of the RI Policy, Aegon NL will re-evaluate its investment in the external fund and determine whether it continues to be appropriate to remain invested.

8. Investing to build a more sustainable world

We believe we should do more than try to avoid causing harm with our investment decisions. We believe we should also take an active role in contributing to a better and more sustainable world, and that we should try to use our investments as a catalyst for positive change.

There are various ways we think we can do this. For example, we can use our influence as a long-term investor to engage with companies on a wide range of sustainability-related issues and advocate that they put in place comprehensive plans to tackle things like, for example, Climate change or access to medicine. We can also actively seek out investments that help improve people's quality of life or help to protect the environment by, for example, reducing greenhouse gas emissions.

To help us deliver on our ambition, and to make our goals more concrete for appointed investment managers, we have agreed a number of sustainability-linked investment targets. These are outlined in the remainder of this section and will be updated when we agree new sustainability-linked investment targets in the future.

The first step in our process is to identify investments that can potentially deliver a positive real-world impact by using ESG factors to build a picture of an investment's sustainability profile. This allows us to identify investments that offer solutions to the many sustainability challenges facing our society, helping us contribute to a more sustainable world.

We believe that investing for a more sustainable world should entail investments in economic activities that contribute to an environmental objective, such as Climate change mitigation, or a social objective, such as inclusion, provided that the investments do not significantly harm any other environmental and social objectives. For investments in companies, these companies must also follow good governance practices.

In the next sections we describe more specifically how Aegon NL identifies investments within the context of this broad definition that can cover multiple types of investments and economic activities.

I. For General account assets

8.I.1 Identifying investments to build a more sustainable world

For our General account assets, we want to identify investments that can help to build a more sustainable world. In order to do this, we need to be able to evaluate the sustainability profiles of the different types of assets that we can invest in. Doing so will allow us to make informed decisions based on an understanding of how the investment may impact people and the planet.

We have already developed proprietary assessment frameworks for the following asset classes and types of investments:

- Companies and projects
- Sovereign debt

We intend to work with our appointed asset managers to develop suitable assessment frameworks for the other asset classes in which we can invest. This will, however, take time and will be driven to some extent by the availability of suitable data to use in our analysis. We will update the RI Policy to include details of new assessment frameworks once they are ready and have been internally approved for use with our General account assets.

A. Companies and projects

When establishing the sustainability profile of an individual company or project, we believe analysis should be undertaken to assess both what the company or project produces (i.e. the products and services) as well as how it is produced (i.e. the business practices). By considering both factors, we believe it is possible to identify companies and projects that deliver long-term growth potential in a way that is sustainable for both people and the planet. Conversely, this analysis also allows for the identification of companies and projects that may actually be detrimental to sustainable growth in the long term, and at worst cause harm to people and/or the planet.

As part of our sustainability analysis, both dimensions are analyzed and assigned a score ranging from one to five. In assessing the sustainability profile of a company's product portfolio, we look for alignment with one of six sustainable activity areas: Climate change, eco solutions, resource efficiency, sustainable growth, inclusion, and health & wellbeing. Products and services or business practices that are found to be the most sustainable are assigned a score of '1'. Those found to be the least sustainable, but still meeting our minimum requirements, are assigned a score of '4'. Where an issuer's products or services are excluded under the RI Policy (e.g. tobacco), a score of '5' denoting exclusion will be assigned.

In assessing the sustainability profile of a company's business practices, we refer to any Sustainability risks identified, the actual or potential Adverse impacts outlined in section 5, and good governance practices outlined in section 6, subject to the availability of relevant and reliable information. The most sustainable business practices are assigned a score of '1' while the worst are assigned a score of '5', which is also assigned for example if the issuer conducts business in a way that does not meet or minimum standards (e.g. by breaching global norms) and is unwilling or unable to change.

The overall sustainability profile for a company or a project can be determined by plotting both scores on two dimensions as illustrated in Figure 1.

A wide range of relevant ESG factors and considerations are taken into account when evaluating the sustainability profile of an individual company or project. This includes evaluating the ability of a company to adapt its business model and improve its sustainability performance over time. A summary of the potential sustainability profiles that a company or project can be assigned under our Sustainable Investing Framework is provided in *Figure* .

When evaluating an individual company or project and determining its sustainability profile, we consider a range of different research sources and inputs, such as specialist ESG research data, company disclosure, websites, broker research and information on potential alignment with the EU taxonomy for sustainable investment ("taxonomy").

Figure 1: Assessing the sustainability profiles of companies and projects

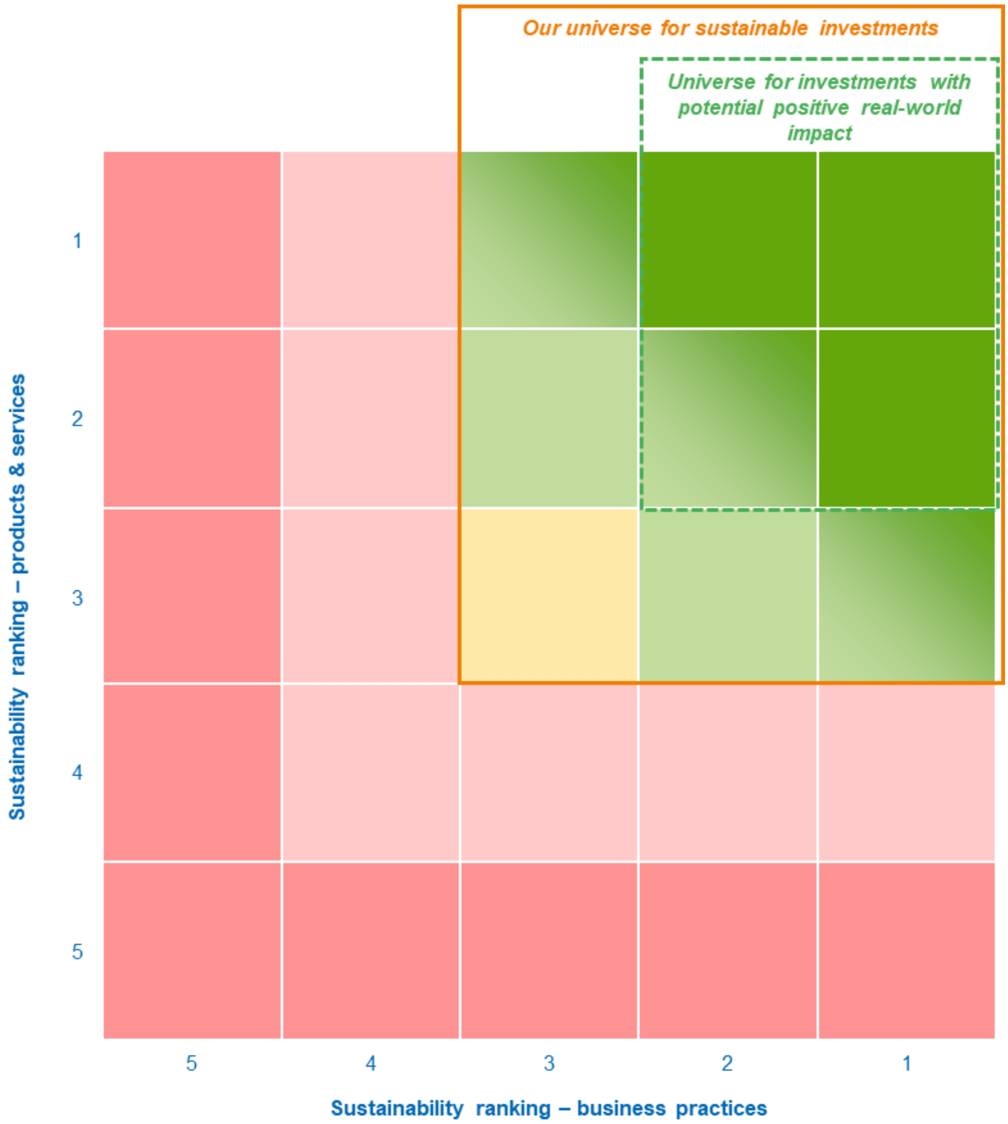


Figure 2: Summary of potential corporate issuer and project sustainability profiles and scores

Overall Score	Sustainability profile	Description
1	Leader	These companies and projects help to deliver a sustainable future and have a positive impact on the world. They exceed our minimum ESG standards and deliver sustainable growth over the long term. Companies in this group are industry leaders and provide good examples to others looking to make their business more sustainable. Many companies and projects falling in this group offer the products and services that we need to transform into a low carbon, resource efficient and equitable world. These companies or projects typically score 1 in at least one dimension, and no less than 2 on the other.
2	Improver	These companies and projects meet (and often exceed) our minimum ESG standards. They are also making good progress in becoming more sustainable. Our analysis highlights they have demonstrated commitment to making their operations, products and services more sustainable, including putting in place action plans with ambitious targets that linked to key sustainability themes. However, it is too early to see actual progress being delivered on these action plans. These companies typically score at least 2 in one dimension and no less than 3 on the other.
3	Neutral	These companies and projects meet our minimum ESG standards but are not on the path to sustainable long-term growth. Our analysis highlights they have yet to take the steps needed to make their products and services or operations more sustainable. Importantly, our analysis shows that they have the capacity to change and improve their sustainability profile over the longer term. We believe companies falling in this group are good targets for our engagement efforts. These companies typically score 3 on both dimensions.
4	Laggard	These companies and projects meet our minimum ESG standards but are unwilling or unable to take the steps

Overall Score	Sustainability profile	Description
		needed to deliver sustainable economic growth over the long term. This includes issuers whose products and services are detrimental to achieving sustainable environmental or social outcomes (e.g. negatively contributing to Climate change) and whose management is unwilling to make the changes needed to get on the path to delivering sustainable growth (e.g. oil companies that continue to explore for new reserves when climate science tells us that we must not fully extract already proven reserves).
5	Exclusion	These companies and projects are excluded from investment as they fail to meet our minimum ESG standards (and are unwilling or unable to change) or they produce a product or service that is excluded under the RI Policy.

B. Sovereign states (governments)

Sovereign issuers play a major role in the journey towards a more sustainable world given that it is governments that are ultimately responsible for laying the groundwork for sustainable economic growth and enforcing the rules that facilitate it.

When assessing the sustainability profile of sovereign issuers, we believe a key theme to explore is the ability of a sovereign issuer to improve its sustainability practices while at the same time continuing to promote economic growth. There are many ways that these sustainability practices could be evaluated.

We chose to make use of the SDGs because this set of 17 goals incorporates a total of 230 individual indicators to monitor the 168 individual targets that would apply to every country in the world. Importantly, these can be applied to any country regardless of its development stage. Together, the SDGs provide a broad landscape for the objective measurement of sovereign issuers' efforts towards sustainable development globally.

Our approach to evaluating the sustainability profile of sovereign issuers combines quantitative SDG scores based on relative progress towards achievement of the goals with a qualitative assessment of sustainability policies and risk. This allows us to come up with a holistic view of an issuer's sustainability profile.

By incorporating forward-looking assessments of an issuer's sustainability policies into our process, we can also identify issuers that will likely make good progress in becoming more sustainable in the future, not only those who have made good progress in the past.

To calculate SDG scores we make use of proprietary methodology that has been developed by Aegon Asset Management. This methodology is based on the works of the Bertelsmann-Stiftung and Sustainable Development Solutions Network partnership, which is sponsored by the United Nations, and makes use of more than 100 different indicators per country.

While the 17 SDGs allow a fair approach to evaluating the sustainability performance of all countries in the world, we believe it is crucial to focus our attention on those sustainability goals that pose a challenge for them, instead of those that are already close to completion. For example, in developed countries it makes less sense to focus on SDG 1 since poverty, as defined by the United Nations, is virtually eradicated. However, consumption patterns in developing countries lead to higher CO_2 emissions per capita, putting the climate transition at risk, and suggest that it might make more sense to look at SDGs such as 12 or 13.

The absolute SDG scores from our sustainability analysis are then combined with a fundamental assessment of an issuer's sustainability policies and risk. This includes an assessment of the potential negative financial consequences from identifiable Sustainability risks, as well as actual or potential Adverse impacts. The combined output is then compared across issuers in order to categorize and rank them across one of our five sustainability profiles. When comparing issuers we take into account regional differences as well as differences in stage of development.

A summary of the potential sustainability profiles that a sovereign issuer can be assigned under our Sustainable Investing Framework is provided in *Figure* .

Figure 3: Summary of potential sovereign issuer sustainability profiles and scores

Overall Score	Sustainability profile	Description
1	Leader	These countries meet our minimum standards and have already achieved critical SDGs. They demonstrate an outstanding commitment to sustainability.
2	Improver	These countries meet our minimum ESG standards and are on track to achieve some SDGs. They have demonstrated commitment to sustainability.
3	Neutral	These countries meet our minimum ESG standards but are not currently on track to achieve SDGs. They have defined no clear ambition when it comes to sustainability. However, our analysis highlights that they have the ability to improve their sustainability profile.
4	Laggard	These countries meet our minimum ESG standards, however they are not on track to achieve the SDGs and demonstrate no intention of doing so.
5	Exclusion	These countries are excluded from investment as they fail to meet our minimum ESG standards. This includes countries that systematically breach human rights as well as those that are under an arms embargo of the United Nations, the European Union or the United States of America.

8.I.2 Investment restrictions

We are making use of these guidelines and assessment frameworks in the investment decision-making processes for our General account assets. We do so where we are able to source sufficiently reliable information and data on the sustainability profiles of the investments we intend to make, and to the existence of an appropriate assessment framework for the asset class.

From 1 January 2022, in addition to complying with the exclusion rules outlined in section 5, no new investments from General account assets can be made in issuers that are identified as ‘Laggards’ under the above assessment frameworks across the following asset classes:

- Corporate debt
- Sovereign debt
- Insured private credit
- Government-related private credit

This means that all new investments in the above-mentioned asset classes from General account assets must as a minimum be classified as ‘Neutral’, and ideally ‘Improvers’ or ‘Leaders’. The only exceptions are investments in green-bonds and other sustainability-linked bonds where the use of proceeds can be sufficiently demonstrated to have a positive impact on people and/or the planet and are sufficiently ring-fenced from other purposes.

When making investment decisions for our General account assets, we will only consider investments in companies and projects that score a minimum of ‘3’ and above on both dimensions considered in the analysis. This means that potential investments with a high product and services score (i.e. 1 or 2) will not be considered for investment if also accompanied by a low business practice score is low (i.e. 4 or 5), and vice versa.

For the avoidance of doubt, investments in listed equity are not part of our sustainable investment targets and, as such, do not require assessment under the framework. When investing in broadly-diversified listed equity portfolios, we seek to track benchmark indices, due to risk management requirements, and our analysis is limited to portfolio characteristics instead of individual issuers. We will, however, seek to track Paris-Aligned Benchmarks, thereby maintaining our equity allocation closely aligned with the Climate change objectives of our RI policy.

When investing in funds and not directly in individual securities, due diligence must be undertaken to evaluate whether the fund’s underlying investment process can identify and avoid investing in issuers that are classified as ‘Laggards’ under our assessment framework.

8.I.3 Targets

From time to time, we may set specific investment targets that are linked to sustainability-related goals that we want to help realize with General account assets. The following provides further information on the targets that have been set to date and the eligibility criteria for assets meeting those targets.

A. Climate change

Target	Invest EUR 1 billion from our General account assets before 31 December 2025 in climate-positive investments that help to avoid additional greenhouse gas emissions from being generated and/or help our society to adapt to the worst impacts of Climate change
Key focus areas	Climate change mitigation: Investments that structurally reduce the ongoing greenhouse gas (GHG) emissions generated by our society
	Climate change adaptation: Investments that increase our society's resilience to the negative effects of climate change
Key requirement	Use of proceeds must be ring-fenced for investment in activities that address the target's key focus areas
Eligible asset classes	All asset classes that are eligible for investment in General account assets
Eligible investments	**Listed fixed income** • Bonds issued by sovereign states, local government, and companies, as well as structured finance instruments, that finance projects that target one or more of the key focus areas. Examples include, but are not limited to: - Green Bonds issued by Sovereigns or Companies - Sustainability-linked bonds issued by Companies - Structured Finance, including ABS bonds that finance solar loans **Mortgages** • Sustainability-linked mortgage loans to finance energy efficiency measures (e.g. insulation) or onsite renewable energy generation and connected energy storage solutions • Mortgage loans to finance the purchase of EPC = 0 or 'zero on the meter' homes

	Real estate • Investments to improve the energy efficiency of commercial and residential real estate or in onsite renewable energy generation and connected energy storage solutions • Investments in ‘zero on the meter’ residential or commercial real estate **Private market debt and equity investments in companies or projects operating in the key focus areas** • Examples include, but are not limited to: - Electrification of transport - Adoption and production of alternative fuels (e.g. green hydrogen) - Renewable energy power generation - Utility-scale energy storage - Water provision - Coastal defence

II. Separate account assets and Third-party client assets

We recognize the demand from some of our clients to apply their capital towards economic activities that have a potentially positive social or environmental impact. It is important to ensure we meet our clients' sustainability objectives. To that end, Aegon Levensverzekering N.V., Aegon Cappital B.V. and Aegon Bank N.V. (Knab) are examining different methodological approaches that could be used to identify such investments that could contribute to these goals.

The EU taxonomy for environmentally sustainable investments and the sustainability-related disclosures in the financial services sector regulation (SFDR) are central to this analysis. The regulatory definition of environmentally sustainable investments has recently come into force, and to date only a few issuers are able to report their alignment to two of the six environmental objectives of the taxonomy: climate change mitigation and climate change adaption. A taxonomy for social objectives is still under discussion. Next to environmentally sustainable investments under the taxonomy regulation, an investment could also be a sustainable investment under the SFDR.

In light of the early stage of development of both regulatory frameworks (Taxonomy regulation and SFDR), we are working with specialist data providers who have developed methodologies to screen investments on taxonomy alignment or sustainable investments under the SFDR. However, currently there is a lack of reliable information to allow us to integrate these considerations in our investment decision-making process.

Until a practical methodology and/or appropriate corporate disclosures are available, the products we offer to clients will not claim to make (environmental) sustainable investments under the SFDR nor under Taxonomy regulation, even though they may incidentally do so according to certain methodologies to identify sustainable investments. We plan to update our Policy regularly on this point when market data, disclosures, and regulations evolve.

Appendix: Referenced treaties, standards and initiatives

In preparing the RI policy, Aegon NL refers to a number of relevant treaties, standards and initiatives. For the avoidance of doubt, Aegon NL merely uses these standards as reference guidelines to inform its own RI policy and their listing herein should not be interpreted as a commitment to adhere to all their principles or as a signatory or membership status of any listed organizations.

- Arms Trade Treaty
- Basel Convention
- Biological Weapons Convention
- Chemical Weapons Convention
- Convention on Biological Diversity
- Convention on Cluster Munitions
- Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)
- European Union Common Position on Arm Export Controls (2008/944/CSFP)
- Indian Prevention of Cruelty to Animals Act
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Montreal Protocol
- Ottawa Treaty
- Paris Agreement
- REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)
- Rio Declaration
- Ramsar Convention on Wetlands of International Importance
- Rotterdam Convention
- Stockholm Convention
- Treaty on the Non-Proliferation of Nuclear Weapons
- Treaty on the Prohibition of Nuclear Weapons
- United Nations Convention Against Corruption
- United Nations Declaration of Human Rights
- World Health Organization Framework on Tobacco Control

- Declaration of Helsinki
- Dutch Stewardship Code
- Five Freedoms of Animal Welfare
- High Conservation Value Approach
- International Labor Organization Standards
- OECD Guidelines for Multinational Enterprises
- Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- United Nations Environment Program Finance Initiative Principles for Sustainable Insurance
- United Nations Guiding Principles of Business and Humans Rights
- United Nations Global Compact Principles
- United Nations Principles for Responsible Investment
- United Nations Sustainable Development Goals
- Global Reporting Initiative (GRI)
- Greenhouse Gas Protocol
- International Integrated Reporting Council (IIRC)
- Taskforce for Climate-related Financial Disclosures (TCFD)
- IUCN Red List of Threatened Species