

May 2023

## Helping to address the climate challenge

Climate change is both an urgent challenge and an opportunity to build a more sustainable economy. As a global financial institution, we recognise our share of responsibility. That is why, in recent years, we have taken actions to reduce the greenhouse gas emissions generated by our business and are committed to supporting the transition to a climate-resilient and net zero economy.

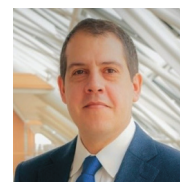
Our climate action plan is focused on enabling clients to align investments with their net zero objectives. We are taking the following actions:

**Increasing the proportion of assets we manage in line with the attainment of net zero emissions by 2050 or sooner:** As of 31 December 2022, approximately 30% of the assets we manage are committed to the Paris Agreement's net zero goal. By 2025, we aim to have at least 40% of our assets aligned with this goal. In accordance with the Net Zero Asset Managers Commitment, we will review our interim target every five years, with a view to increasing the proportion of assets covered until 100% of assets are included.

**For the assets we manage in line with the attainment of net zero emissions by 2050 or sooner, we set interim targets consistent with the global reduction in emissions needed to limit global warming to 1.5°C.** These interim targets include a 25% target reduction in the carbon intensity of corporate fixed income and listed equity general account assets that we manage on behalf of Aegon Group companies by 2025 relative to a 2019 baseline.

We intend to achieve this with a focus on real-world decarbonisation by engaging with companies that we believe need to take action to meet the transition challenge. We may also increase our investment in companies we identify as leaders in transitioning their business models to a net zero world and that are investing in solutions to help drive the transition.

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**Brunno Maradei CFA**  
Global Head of Responsible Investment

**At Aegon Asset Management (Aegon AM), we are active, engaged and responsible investors. We consider investing responsibly a part of our investment philosophy and process as we believe responsible investment practices are critical to securing long-term value for our clients.**

We believe that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance, while social and environmental issues can also have an important impact on a company's performance and successful development.

For over 30 years<sup>1</sup>, we have built a comprehensive responsible investment approach consisting of three pillars: ESG integration, active ownership and solutions. With our dedicated Responsible Investment team, we are continually expanding ESG integration across investment strategies, strengthening our active ownership efforts and expanding our client-centric responsible investment strategies.



<sup>1</sup> Aegon AM UK launched first ethical strategy in 1989.

This document summarizes Aegon Asset Management's approach to responsible investing and active ownership across our fixed income, multi-asset and equities investment platforms within the various Aegon Asset Management affiliates. The activities and processes described herein are not applicable, or not applicable to the same degree, across all affiliates or all strategies. Please refer to the specific product documentation as you consider investing with us.

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## Climate solutions



Through our sustainable and climate transition strategies<sup>2</sup>, we are committed to investing in climate solutions and companies which are leading the transition to net zero. That means increasing our exposure to holdings with credible, science-based decarbonisation targets over time and investing in sustainable companies providing innovative products and services to address climate change. We will also support affiliates in the Aegon Group to achieve their target of USD 2.5 billion in financing by 2025 for activities that help mitigate climate change or adapt to the associated impacts.

## Investment restrictions



Despite our preference for remaining invested and engaging in a constructive dialogue with companies, it sometimes becomes clear that an activity or a company's business model is incompatible with a low-carbon world and poses significant financially material climate risks for our clients. When making these decisions, we are guided by client preferences and scientific research wherever possible. There is clear scientific evidence that global greenhouse gas (GHG) emissions from coal needed to peak around 2020, and that OECD countries should phase out coal use entirely by 2030 at the latest. We therefore exclude certain companies involved in coal exploration, mining, refinement and power production from the investment universe of the funds managed by our subsidiaries in the UK and the Netherlands.<sup>3</sup>

## Thought-leading research



The integration of climate change considerations into our investment research is supported by rigorous analysis and data and focuses on the potential financial impacts of climate change. For climate-focused investment strategies<sup>2</sup>, we embed dedicated and proprietary climate transition research to direct investments to companies that have robust and credible plans to decarbonise through an assessment of company ambition, performance and alignment toward net zero. This goes beyond backward-looking emissions to form a forward-looking view of a company's transition readiness and alignment with the energy transition.

## Active ownership



Managing climate-related risks and accelerating the low carbon transition are integral parts of our stewardship processes for certain clients. As active managers we believe our role is to understand how companies will transition, track the credibility of their commitments, and engage with them to track progress.

To focus our engagement efforts, we set an engagement goal in 2022 that asked the 25 biggest public corporate GHG emitters in our affiliated insurance clients' accounts to set a science-based reduction target for their business by no later than 31 December 2024.

2. Not all products are available to all investors or in all jurisdictions. Strategies are generally offered through locally licensed affiliates. Certain capabilities may not be open to new investors

3. For further details of these restrictions please refer to the relevant Sustainability Risks and Impacts Policy on our website.



## Collaboration



We see value in collaborating with other like-minded investors and stakeholders to achieve our active ownership objectives. This involves participating in international initiatives, often based on a multi-sectoral approach. We actively participate in the Institutional Investors Group on Climate Change's Climate Action 100+ initiative through its advisory committee and several of its working groups. We co-lead engagements in four different sectors (automotive, chemical, cement and utilities). We also participate in other collaborative engagement programs, where we engage on more specific topics such as methane emissions.

## Transparency



Data and disclosure will be key to solving the climate challenge. As investors, we depend on the transparency of the issuers in which we invest to obtain the data we need and to understand their transition pathways. Material environmental and social disclosures help us make better capital allocation decisions, and ultimately contribute to the transition. As well as asking for improved disclosure in our own direct engagements, we support the Carbon Disclosure Project's (CDP) engagement with non-disclosing companies to provide vital data on emissions, water and forestry.

We are also committed to transparency when it comes to climate and will report on progress against our climate commitments on an annual basis via our TCFD (Taskforce on Climate related Financial Disclosure) reports in the UK and client reports.

## Our operations



We are also committed to making our business operations more sustainable. We are doing this by reducing the amount of energy we consume across our office locations and, where possible, switching to renewable sources of energy. We are also making greater use of digital technology to engage with our customers and partners. We are committed to achieving net zero greenhouse gas emissions across our business operations by 2050. We have set interim targets of a 25% reduction in operational GHG emissions by 31 December 2024\* and a 50% reduction by 31 December 2029\*.

\*Aegon has set a target to reduce the carbon footprint of its operational activities by 25% by 2025 against a 2019 baseline (using the location-based measurement). Operational GHG emissions include Scope 1 and 2 emissions.

## Who we are

Aegon AM is an active global investor dedicated to helping investors around the world reach their desired investment goals and broaden their financial horizons. The investment needs of our clients are at the heart of what we do. We offer a comprehensive range of investment solutions, as well as a high level of service and support.

# Disclosures

## **For Professional Investors only and not to be distributed to or relied upon by retail clients.**

All investments contain risk and may lose value. Responsible investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgement exercised, by any company of Aegon Asset Management will reflect the beliefs or values of any one particular investor. Responsible investing norms differ by region. There is no assurance that the responsible investing strategy and techniques employed will be successful. Investors should consult their investment professional prior to making an investment decision.

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