

# ESG Report

## Aegon Ethical Corporate Bond

As of 30 June 2025

This is a marketing communication.



## ESG reporting overview

At Aegon Asset Management, we are committed to active, engaged and responsible investment. Our comprehensive responsible investing approach includes three key pillars: Environmental, Social and Governance (ESG) integration, active ownership and focused responsible investment solutions. As part of our commitment to responsible investment, we aspire to provide transparent and informative reporting on our responsible investing approach and activities.

This ESG report includes four primary components:

- **ESG integration and characteristics:** Overview of our approach to ESG integration and summary of the portfolio's ESG profile based on our proprietary ESG view.
- **Third Party ESG Scores:** Summary of the portfolio's ESG profile based on external ESG categories or scores.
- **Active ownership activities:** Overview of engagement and voting activities within the portfolio.
- **Carbon footprint:** Summary of the portfolio's carbon footprint including carbon impact metrics and intensity of holdings.

This report was prepared for the Aegon Ethical Corporate Bond Fund as of 30 June 2025.

## Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

## ESG integration and characteristics

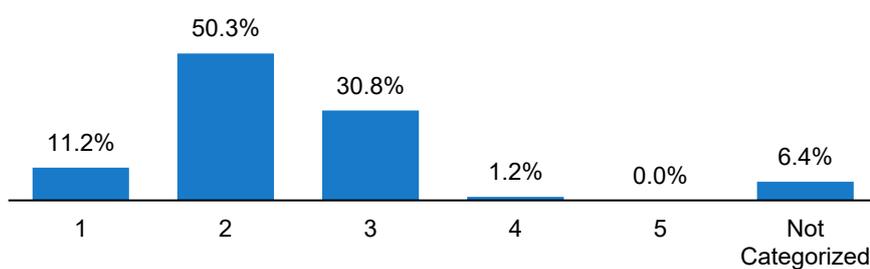
ESG factors are systematically integrated into our bottom-up credit research process. By integrating ESG considerations with economic factors, and drawing from specialized ESG research sources, the Credit Research team seeks to identify financially material ESG factors and arrives at an independent, comprehensive view of the investment.

Integration of ESG factors into the investment process first occurs as part of the fundamental credit research analysis for issuers. Our Credit Research team integrates ESG information into their analysis by evaluating data from various third-party sources in combination with internal research to assign credits into a proprietary ESG category. Focus is given to the potential economic impact ESG issues may have on the issuer's ability and willingness to meet debt obligations. The level of credit impact is categorized as one of five levels with increasing magnitude.

### Aegon Asset Management ESG Categories

Category	Description
1. <b>Leader</b>	The fundamentals are positively affected by effective ESG practices.
2. <b>Minimal risk</b>	Fundamentally low exposure to ESG risks or presence of factors that mitigate most of the ESG risks.
3. <b>Event risk</b>	ESG risk exposures could negatively affect the issuer fundamentals, but the effect is not measurable, and timing is uncertain.
4. <b>Fundamental risk</b>	ESG risks are resulting in negative pressure on the issuer fundamentals, however we expect limited impact on the credit rating.
5. <b>Rating risk</b>	ESG factors have resulted in a material negative effect on the issuer fundamentals, that may or may not be currently reflected in its credit rating.

## ESG category allocation of Fund



Portfolio	
Weighted average ESG category	2.1
Fixed Income Coverage	94%

Source: Aegon AM. Values as of reporting date. Includes corporate credit holdings only. Excludes cash and cash equivalents. ESG Categories are based on a scale of 1 to 5 where: 1: Leader; 2: Minimal Risk; 3: Event Risk; 4: Fundamental Risk; 5: Rating risk.

## Top and bottom ESG holdings

Name	ESG Category	Portfolio Weight
<b>Top 5 Holdings</b>		
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT)	1	3.2%
UNITE GROUP PLC	1	1.3%
LEGAL & GENERAL GROUP PLC	1	1.3%
AVIVA PLC	1	1.1%
KONINKLIJKE KPN NV	1	0.9%
<b>Bottom 5 Holdings</b>		
SOUTHERN WATER SERVICES FINANCE LTD	4	1.2%
YORKSHIRE WATER FINANCE PLC	3	2.0%
PENSION INSURANCE CORP PLC	3	1.9%
ROTHESAY LIFE PLC	3	1.5%
TRANSPORT FOR LONDON	3	1.4%

Source: Aegon AM. Values as of reporting date. Includes top and bottom five corporate credit holdings based on ESG categories and portfolio market value weight. All information is provided for informational purposes and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

## Third Party ESG Scores

Third-party ESG perspectives serve as a helpful input into our process. While informative, the metrics are prone to limitations and do not replace our own proprietary view on ESG matters.

ISS	Portfolio	MSCI	Portfolio
ESG Performance Score	58.2	MSCI Overall ESG Score	7.5
Coverage*	68%	Coverage**	83%

Source ISS ESG. Values as of reporting date. The ISS ESG Performance Score is a numerical expression of the alphabetic overall rating (A+ to D-) on a scale of 0 to 100, where 0 is very poor and 100 is outstanding. The alphabetic ESG Ratings reflect a company's demonstrated ability to adequately manage material ESG risks, mitigate negative and generate positive social and environmental impacts, and capitalize on opportunities offered by the transformation towards sustainable development. Within the ISS Performance score scale (1-100), 50 represents the normalized Prime threshold – Prime status is granted to companies with an ESG performance in line with or above the respective industry rating (B-, C+, C). The industry rating is determined based on an assessment of the industry's overall magnitude of risk exposure to ESG factors. Reproduced with permission. Not further distribution.

Source: MSCI. Values as of reporting date. The Overall ESG Scores represents either the ESG Ratings Final Industry Adjusted Score or Government Adjusted ESG Score of the issuer. ESG Ratings indicate how well an issuer manages its most material ESG risks relative to sector peers. Government Ratings indicates overall environmental, social, and governance (ESG) performance of a region. The score is on a 0-10 scale, where 0 is very poor and 10 is outstanding. Certain information ©2025 MSCI ESG Research L.L.C. Reproduced with permission. Not further distribution.

## Active ownership

We believe taking responsibility as an investor also means being a truly active owner, not just as a shareholder but as a financier more broadly. With a long-term focus, we have built a robust active ownership program that includes exercising shareholder voting rights in the best interest of our clients and engaging with bond or equity issuers in an effort to mitigate ESG risk, to help better understand the opportunities that companies face and encourage more sustainable practice. We aspire to influence positive change to improve companies' performance and to pursue competitive returns for our clients.

## Engagement activity

We seek to do this by engaging in dialogue with issuers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management on sustainability concerns, promote growth in sustainable business lines or advocate for changes that align with responsible investment standards. Successful engagement can also create new investment opportunities. By spearheading engagement and exercising voting rights, we use our voice and actions to try to effect positive change.

We classify our engagements by topic: general disclosure, where we are seeking additional information from the issuer on practices or products; and by ESG headings, where we are seeking performance improvements in environmental, social or governance areas respectively.

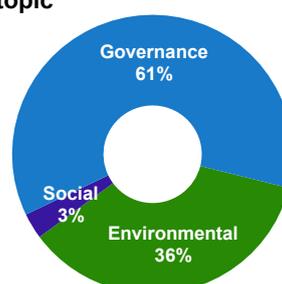
Engagements are tracked with a milestone-based approach:

<b>Milestone 1</b>	We have flagged our concerns and contacted the company
<b>Milestone 2</b>	The company responds (letter, email, phone call) and the dialogue starts.
<b>Milestone 3</b>	The company has taken concrete steps to resolve our concerns.
<b>Milestone 4</b>	The engagement goal has been achieved.
<b>No further action required</b>	In some cases our assessment changes and - following discussions with the company - we do not pursue the engagement. We categorize the engagement as 'no further action required'.

Over the one-year to 30 June 2025 we have had 24 engagements with 20 issuers. Below we break this down by milestone and topic.

By Milestone	Engagements
<b>Milestone 1</b>	38%
<b>Milestone 2</b>	25%
<b>Milestone 3</b>	21%
<b>Milestone 4</b>	13%
<b>No further action required</b>	4%

By topic



Source: Aegon AM. Includes engagement activity for issuers held in this portfolio during the one-year period ending on the reporting date. Issuers may be engaged more than once over the same period and on more than one topic.

## Engagement case studies

Case studies regarding Aegon Asset Management engagement activities can be found in our "Responsible Investment Report" which is available on our website: [www.aegonam.com/responsible](http://www.aegonam.com/responsible)

## Climate Related Metrics

Climate change is ubiquitously one of the most urgent risks facing the sustainability of our planet. We measure and report the carbon footprint and other climate metrics of portfolios in order to help our clients understand the climate impact of their investments.

<b>Total emissions</b>	The total emissions of a portfolio can be determined by multiplying the carbon footprint times the total amount invested in GBP millions. Total emissions will vary by exposure and is thus not included in the table below.
<b>Carbon footprint</b>	This metric represents the financed carbon emissions (only Scope 1&2 emissions are included in this report) of a portfolio normalised by the total portfolio value in millions of GBP. This metric is useful for comparing portfolios but is sensitive to the same EVIC data dependencies detailed above under financed emissions. In addition, when comparing changes in carbon footprint over time, the metric can be driven by changes in EVIC rather than changes in carbon emissions. To correct for this, PCAF has suggested applying an adjustment factor to the formula to enable comparison of carbon footprint over time. This formula is conceptually endorsed by AAM, but fails to consider the implications of portfolio composition changes as well as data availability. As such, the carbon footprint used in this report has not been calculated using any adjustment factors, but we are awaiting and monitoring the maturation of the calculation methodology guidance from PCAF.
<b>GHG Intensity</b>	This metric represents the carbon emissions (only Scope 1&2 emissions are included in this report) of an issuer divided by their revenue in millions of GBP which is then allocated by portfolio weight. This metric is useful for comparison between portfolios of different sizes and allows for comparison of issuers' carbon intensity. However, companies with higher prices compared to their peers may be favourably impacted when normalising their emissions by revenues. In the future, we also expect the same inflation adjustment factor to be applied to issuers' revenues as suggested for issuers' EVIC, but to date, no specific guidance has been issued on this metric by PCAF.
<b>GHG intensity</b>	Coverage of our portfolio gives an indication on the data availability per metric from our external provider – it should be noted that exposures to assets other than public equities, fixed income and sovereign bonds are filtered out of the report. Coverage is expressed as a %, which is the sum of the market value of portfolio holdings that are covered by ESG data. Securities with no ESG data coverage are disregarded from the aggregation methodology for all metrics and the rest of the dataset is renormalized.

## Climate Related Metrics

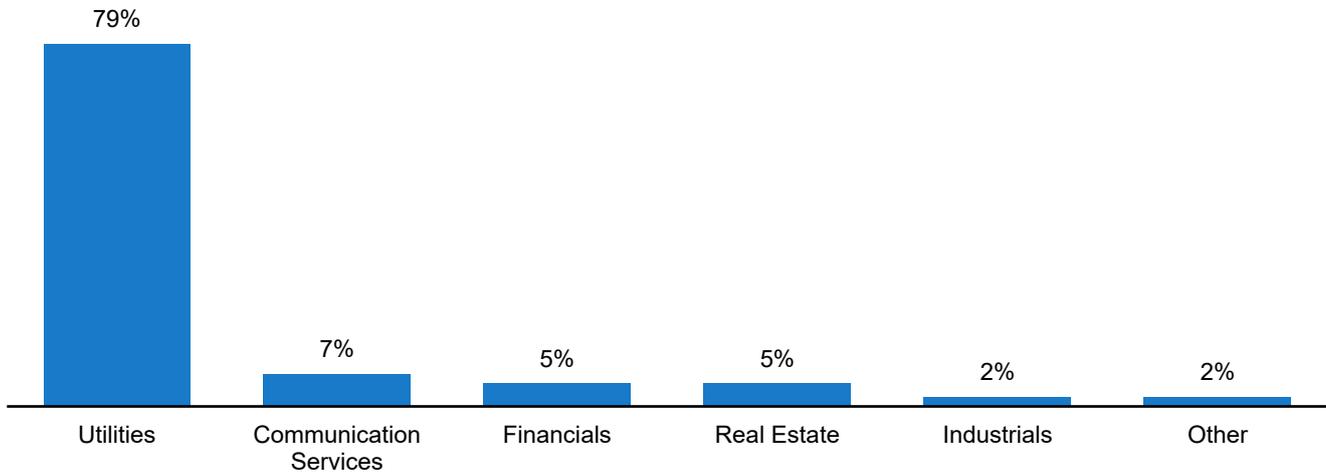
Metric	Unit	Portfolio	Portfolio coverage
<b>Total emissions</b>	tCO2e	5,561	82%
<b>Carbon Footprint</b>	tCO2e / GBP million invested	18	82%
<b>GHG intensity</b>	tCO2e / GBP million revenue	138	85%

Source: Aegon AM. Values as of reporting date. Climate metrics calculated in line with Sustainable Finance Disclosure Regulation (SFDR) and Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. Carbon Footprint and GHG Intensity values have been adjusted to account for variance in coverage. Climate change data availability may change over time and characteristics will vary. Certain information ©2025 MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

<sup>1</sup>This metric was previously named as "Relative Intensity"

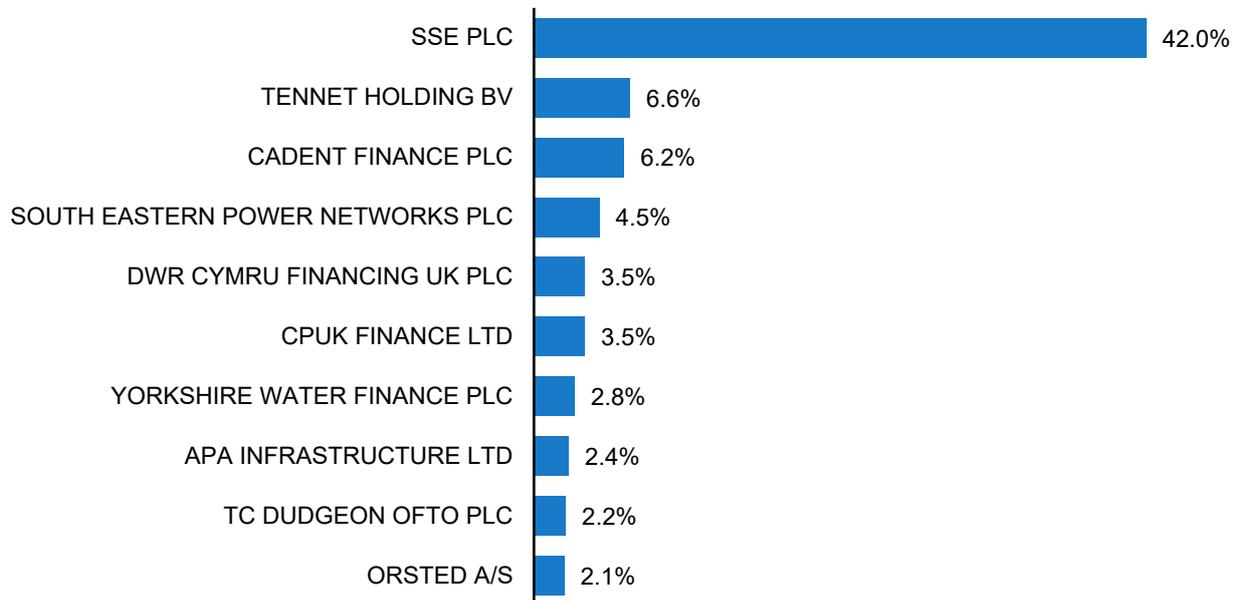
<sup>2</sup>This metric was previously names as "Weighted Average Carbon Intensity"

### GHG Intensity: By sector



Source: Aegon AM. Values as reporting date. Includes corporate credit holdings only. Reflects sector allocations based on GHG intensity. All information is provided for informational purposes only and the reader should not assume that investments in the securities identified and discussed were or will be profitable. Certain information ©2025 MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

### GHG intensity by holding (top-10)



Source: Aegon AM. Values as reporting date. Includes corporate credit holdings only. Top ten corporate issues by GHG intensity. All information is provided for informational purposes only and the reader should not assume that investments in the securities identified and discussed were or will be profitable. Certain information ©2025 MSCI ESG Research L.L.C. and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

# Investment policy and risks

## Investment policy

The Fund operates an ethical screen which means that the Fund may not invest in particular industries and sectors. In all cases, the investments of the Fund will meet the Fund's predefined ethical criteria.

The Fund will invest at least 80% in a portfolio of investment grade corporate bonds issued anywhere in the world.

Investment grade corporate bonds are bonds issued by companies whose credit rating is deemed to be investment grade, defined as Baa3 or higher by Moody's Investor Services (Moody's) BBB- or higher by Standard & Poor's (S&P) or BBB- or higher by Fitch, or their respective successors or equivalents.

The Fund may also invest up to 10% in high yield corporate bonds issued anywhere in the world.

High yield corporate bonds are considered by the investment manager to be bonds issued by companies whose credit rating is defined as Ba1 or below by Moody's or BB+ or below by Standard and Poor's or BB+ or below by Fitch or their respective successors or equivalents. High yield bonds also include non-rated instruments.

Bond investments will be denominated in Sterling.

The Fund is actively managed and the ACD adjusts the Fund's credit exposure and duration (interest rate risk) based on an analysis of the prevailing economic and market conditions.

Subject to its custom-defined ethical criteria, the Fund will also seek to achieve diversification across individual issuers and sectors when constructing the portfolio.

To the extent that the Fund is not fully invested as set out above, the Fund may also invest in other transferable securities, collective investment schemes (up to 10% of Net Asset Value and which may include schemes managed by the ACD or its affiliates), money market instruments, deposits and cash and near cash. It is intended that investment in any other collective investment schemes will be predominately in approved money market instruments.

## Risks

The main risks are:

- **Credit:** An issuer of bonds may be unable to make payments due to the Fund (known as a default). The value of bonds may fall as default becomes more likely. Both default and expected default may cause the Fund's value to fall. High yield bonds generally offer higher returns because of their higher default risk and investment grade bonds generally offer lower returns because of their lower default risk.
- **Liquidity:** The Fund's value may fall if some investments, especially in smaller companies or high yield bonds, become more difficult to trade or value due to market conditions or a lack of supply and demand.

For more details on the risks for this fund please see the KIID or Prospectus at [www.aegonam.com/documents](http://www.aegonam.com/documents).

# Glossary

## ESG Integration

ESG integration means incorporating financially-material ESG factors into our investment analysis to better understand risk and uncover potential opportunities.

## Active Ownership

Active ownership is the use of the rights and position of ownership to influence the activities or behaviour of investee companies. Active ownership can be applied differently in each asset class. For listed equities, it includes engagement and voting activities.

## Carbon Footprint

This metric represents the financed carbon emissions (only Scope 1&2 emissions are included in this report) of a portfolio normalised by the total portfolio value in millions of GBP. This metric is useful for comparing portfolios but is sensitive to the same EVIC data dependencies detailed above under financed emissions. In addition, when comparing changes in carbon footprint over time, the metric can be driven by changes in EVIC rather than changes in carbon emissions. To correct for this, PCAF has suggested applying an adjustment factor to the formula to enable comparison of carbon footprint over time. This formula is conceptually endorsed by AAM, but fails to consider the implications of portfolio composition changes as well as data availability. As such, the carbon footprint used in this report has not been calculated using any adjustment factors, but we are awaiting and monitoring the maturation of the calculation methodology guidance from PCAF.

## Scope 1, 2 and 3 emissions

Scope 1 carbon emissions are namely emissions generated from sources that are controlled by the company that issues the underlying assets.

Scope 2 carbon emissions are namely emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets.

Scope 3 carbon emissions are namely all indirect emissions that are not covered by points (I) and (II) that occur in the value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation.

## Important information

**Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and is not guaranteed. Outcomes, including the payment of income, are not guaranteed.**

**This fund is intended to be a long-term investment and your capital is at risk. Any investment objective, performance benchmark and yield information should not be considered as an assurance or guarantee of the performance of the fund or any part of it. An initial charge reduces the amount available for investment. Investors should be aware that funds denominated in a currency other than investors' home state currency are subject to currency fluctuations which may decrease returns. Please be aware that each fund presents its own risk profile. Material risks for this fund are: Credit, Interest Rate and Liquidity. Please read the KIID for an explanation and refer to the prospectus for information about all relevant risks.**

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This document is accurate at the time of writing and is subject to change without notification.

Fund charges are deducted from income but will be deducted from capital where income is insufficient to cover charges.

Please read the Key Investor Information, Supplementary Information Document and Application Form carefully, The Key Investor Information, Prospectus and accounts are available on our website [www.aegonam.com](http://www.aegonam.com).

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Performance comparator: Investment Association Sterling Corporate Bond Sector. Investors are invited to compare the Fund's performance against the performance of other funds within this Sector. Comparison of the Fund against this Sector will give investors an indication of how the Fund is performing compared with Funds investing in a similar but not identical investment universe and comprising ethical and non-ethically screened funds, demonstrating the value of the Fund's ethical screen against non-ethically screened funds. This comparison could be performed over at least a 7 year period to provide the most useful long term comparison.

Aegon Asset Management UK plc is authorised and regulated by the Financial Conduct Authority.

AdTrax: 6736840.5 | Exp Date: 31 May 2026