

AEGON GLOBAL SUSTAINABLE EQUITY FUND

Disclaimer: This document is not marketing material. It contains information about this Fund (the product) in relation to the Sustainable Finance Disclosure Regulation. The information is legally required to help you understand the sustainability characteristics and/or objectives and risks of this fund. It is recommended to read this document together with other relevant documentation on this product so you can make an informed decision about whether to invest. Definitions used in this document have the same meaning as those used in the Fund prospectus.

(a) Summary

The product has a sustainable investment objective and the majority of the investments in the product are considered to be sustainable investments according to Aegon AM's proprietary methodology. The manager uses proprietary and/or external data from several sources as inputs for its decisions. In the due diligence, the product considers principal adverse impacts to the extent such data is available. This product further actively excludes certain investments that have a significant adverse impact on sustainability factors on an ongoing basis.

(b) No significant harm to the investment objective

Why do the sustainable investments in the product not significantly harm any of the sustainable investment objectives?

Principal Adverse Indicators ("PAIs") for each company are taken into account as part of the analysis by the Responsible Investment team in order to show that the sustainable investments do not significantly harm any environmental or social objective, as described below in the section 'How have the indicators for adverse impacts on sustainability factors been taken into account?'. In addition, the Investment Manager uses a mixed quantitative and qualitative approach when analysing the company to assess whether the product or practices would be deemed to be harmful to society or environment. Primarily, the Investment Manager seeks to ensure that the Fund's investments do not cause significant harm to any environmental or social investment objective through its exclusion policy (as detailed in the description of the Fund's investment strategy below).

In addition, all portfolio investments are subject to analysis by the Investment Manager's Responsible Investment team prior to investment and on an ongoing basis. The analysis scores the company's products and practices on a scale of 1 – 5 (1 = best) and any companies with a score of below 3 on either metric are considered to have negative contributions to environmental or social factors and are considered a 'Sustainable Laggard' and excluded from the investable universe.

How are the Principal Adverse Impacts (PAI) taken into account?

The Fund considers PAIs on sustainability factors, primarily through the sustainability analysis on prospective holdings and the ongoing sustainability analysis of current holdings carried out by the Investment Manager's Responsible Investment team. As part of this analysis process, the analysis considers, as a minimum, the mandatory indicators set out in Table 1, Annex I of the SFDR Regulatory Technical Standards, where data is available. In addition, the analysis will also consider indicators from Tables 2 and 3 that the Responsible Investment team consider to be material to the sustainability profile of each specific company. The analysis will consider the absolute levels of such indicators, as well as comparing them to similar companies in the same sector and/ or region.

Where the Responsible Investment team considers an indicator to signal a potential adverse impact, this will be listed as a KPI which will be tracked over the holding period of the security. It will also feed into the team's engagement strategy for the company in question. Where there is a lack of improvement over time, or where the Responsible Investment team's engagement activities with the company have been unsuccessful in achieving an improvement in the indicator over time, the Responsible Investment team may, at their discretion, downgrade the company's sustainability rating to laggard, consequently forcing its sale from the portfolio.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

It is expected that companies conduct their operations in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles (UNGP) on Business and Human Rights, and the UN Global Compact principles.

To identify potential breaches of these norms, the holdings of the Fund are periodically screened using external specialized research, such as controversies, that indicate actual or potential breaches of international norms and standards.

Please refer to the Investment Manager's Sustainability Risks and Impacts Policy applicable to this Fund (the "Aegon AM UK Sustainability Risks and Impacts Policy") for further details of this process.

(c) Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?

The Fund's sustainable investment objective is to invest in the equities of companies whose products, services and activities are making a positive contribution to social and environmental outcomes aligned with the Fund's six sustainability 'pillars' or themes. There are three environmental and three social themes as outlined below:

Environmental themes

- Climate Change: Reducing polluting emissions through insight and innovation. Enabling the energy transition.
- Ecological Solutions: Products and services that help to protect and improve the ecosystem of our planet.
- Resource Efficiency: Reducing finite resource use through automation and circular economics.

Social themes

- Health & Wellbeing: Enhancing human well-being through better healthcare, diet and fitness.
- Inclusion: Addressing inequality and helping demographic challenges.
- Sustainable Growth: Innovation and disruptive products and practices that have positive direct and indirect impacts.

The underlying foundation of these pillars is strong governance as the Investment Manager recognises having a good foundation of governance means that the other environmental, social and governance (ESG) risks and opportunities are more likely to be properly managed.

The Fund aims to invest in companies that the Investment Manager believes provide products and / or services that are having a positive impact and contribute to addressing the sustainable challenges in one of the six sustainability themes. For example, innovative medical device companies that can transform the lives of people living with long term health conditions would be allocated to the Health and Wellbeing pillar, while companies that actively reduce water usage in the textile industry would be allocated to the Resource Efficiency pillar.

The Investment Manager's proprietary analysis of the companies to ensure alignment with these pillars uses both quantitative and qualitative analysis:

- Use of quantitative measures such as carbon emissions data, diversity data, ratings agency scores (such as MSCI, ISS, Sustainalytics and GRESB) and the targets associated with long term incentivisation of the executive management team all factor in the Investment Manager's view of the sustainability of the company in question.
- Qualitatively the Investment Manager takes a view on how the company measures against peers and the markets in which they operate. The Investment Manager regularly monitors progress against the Key Performance Indicators (KPIs) it has set and will engage with the companies on their ambitions and progress before making the final decision on the sustainable rank it assigns to a company.

Possible rankings are:

- "Leader": Demonstrably leaders in sub-sector ie, companies that meet a large amount of the Investment Manager's ESG criteria quantitatively and qualitatively.
- "Improver": Some ESG issues identified but evidence of material improvement or credible plans to do so.
- "Laggard": Poor product exposure and/or inadequate practices, with little signs of improvement.

Companies that are classified as Leader or Improver are eligible for the sustainable investment universe. The Investment Manager selects investments for the Fund only from companies included in that universe and which fall within its definition of 'sustainable investments'.

(d) Investment strategy

What is the investment strategy used to attain the sustainable investment objective of this financial product?

The "Investment Strategy" section of the Fund's Supplement sets on the Fundamental, Valuation and Technical approach used by the Investment Manager to achieve the Fund's investment objective. The Fund aims to maximize total return (income plus capital) by investing in the equities of companies whose products, services and activities are making a positive contribution to social and environmental outcomes aligned with one or more of the Fund's six sustainability 'pillars' or themes (Climate Change, Ecological Solutions, Resource Efficiency, Inclusion, Health & Wellbeing and Sustainable Growth) with the underlying pillar of Governance, as described at the section above titled "(a) What is the sustainable investment objective of this financial product?". Securities that align with these themes are considered by the Investment Manager to be 'sustainable investments' as defined under SFDR. The Investment Manager believes that the increasing imperative of finding solutions to the world's many sustainability challenges will create structural growth opportunities for companies with products, services and/or practices that address these challenges. This provides long term revenue visibility for such companies and an opportunity for them to establish or maintain lasting competitive advantages. In turn, these factors should, in the Investment Manager's opinion, lead to them outperforming the market over the long term. In order to identify investments which meet the Fund's pre-defined sustainability criteria which are categorised into one of the six sustainability pillars, the strategy is implemented in the investment process in two stages: (i) product-based exclusions and (ii) bottom up sustainability analysis. Any stock considered for the Fund must pass both stages to be considered investable.

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

In addition to the six sustainability themes which all holdings are assigned to, all holdings in the Fund must meet the standards required by the Fund's governance 'foundation'.

Governance is assessed primarily through the 'practices' section of the analysis framework outlined above. Companies are required to score a minimum of 3 on a scale of 1 – 5 (1 = best) on both products and practices to be eligible for the portfolio, so this effectively sets a minimum level of governance that is acceptable. Given corporate governance performance standards and practices vary by geography and sector, a company's governance is assessed versus its regional peers. When reviewing corporate governance performance, the following information resources are used:

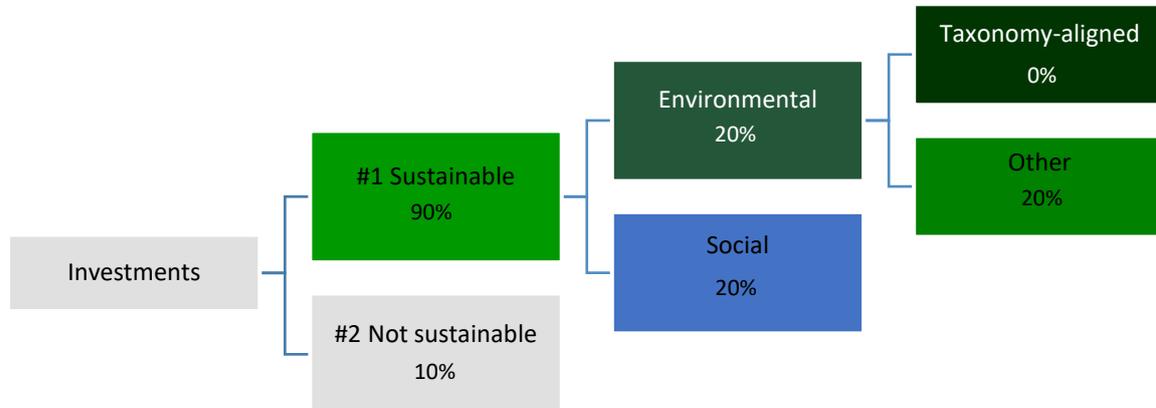
- ISS Proxyexchange – For ISS QualityScore and proxy reports
- Boardex – For details on board members
- Factset – contains details of all Responsible Investment team research, engagement activities and voting details

Matters considered when looking at the governance of a company include:

- board and committee composition
- compensation structure and quantum
- internal shareholdings and the share structure
- auditors tenure and fees
- Cyber security
- Ethics
- Corporate response to significant shareholder votes and/or shareholder resolutions
- Tax
- Employee relations

Furthermore, it is expected that companies conduct their operations in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles (UNGPs) on Business and Human Rights, and the UN Global Compact principles. To identify potential breaches of these norms, the holdings of the Fund are periodically screened using external specialized research, such as controversies, that indicate actual or potential breaches of international norms and standards. Please refer to the Aegon AM UK Sustainability Risks and Impacts Policy for further details of this process.

(e) Proportion of the investments



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

(f) Monitoring of sustainable investment objective

How are the sustainable investment objective of the financial product and the sustainability indicators used to measure the attainment of the sustainable investment objective monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms?

In order to identify investments which meet the Fund’s pre-defined sustainability criteria which are categorised into one of the six sustainability pillars, the strategy is implemented in the investment process in two stages: (i) product-based exclusions and (ii) bottom up sustainability analysis. Any stock considered for the Fund must pass both stages to be considered investable.

In addition, the binding elements of the strategy are detailed below. They apply both to prospective holdings and also to existing holdings on an ongoing basis.

(i) Exclusionary screening: All holdings must pass the exclusionary screening. Potential investments will be screened by the Investment Manager so as to remove the following types of organisations from the Fund’s potential investment universe:

- Adult entertainment: Firms which own an adult entertainment company or produce adult entertainment
- Animal testing: Firms that engage in the production or sales of animal tested cosmetics
- Gambling: Firms which derive more than 5% of revenue from gambling
- Genetic modification: Firms which conduct genetic modification for agricultural policies
- Tobacco: Firms which derive more than 5% of revenue from tobacco
- Weapons: Firms which produce or sell civilian firearms and firms which manufacture or sell armaments, nuclear weapons or associated strategic products
- Nuclear power: Firms which own a nuclear power facility
- Fossil fuels: Firms which engage in the extraction of oil, gas or coal.
- Thermal Coal: Companies that derive 5% or more of their revenues from thermal coal-fired electricity generation or companies that own coal-fired electricity generation capacity greater than 10 gigawatts and are expanding coal-fired electricity production.

- Forestry: Companies that manage forests with 75% or lower Forest Stewardship Council (FSC) certificate coverage or equivalent.
- Human Rights: Firms failing to address serious allegations of violations of international standards on human rights including the use of child, forced or bonded labour.

In addition, the Fund adheres to the exclusion criteria as set out in the Aegon AM UK Sustainability Risks and Impacts Policy, which excludes securities and/or companies that engage in activities related to controversial arms trade or the production, maintenance or use of controversial weapons based on widely accepted international treaties, standards and guidelines, as well as Russian and Belarussian companies, from the Fund's investment universe. Please refer to the Aegon AM UK Sustainability Risks and Impacts Policy for further details.

(ii) Sustainability analysis: All holdings must be analysed by the Investment Manager's Responsible Investment team. The team will use its framework to analyse a company based on its products, practices and sustainability improvement over time. The starting point for the analysis is the Sustainable Accounting Standards Board's (SASB) 'Materiality Map', which provides a guide to the ESG factors which are likely to be the most important for a company, given the sector it operates in. The Responsible Investment team will focus its analysis of products and services that a company provides and also the company's operational practices and standards on the factors identified in this stage. The assessment will contain both quantitative and qualitative elements. On the quantitative side, the Investment Manager will consider ESG rating data (such as carbon emissions data, diversity data, ratings agency scores such as MSCI, ISS, Sustainalytics and GRESB) and the targets associated with long term incentivisation of the executive management team) from a number of third parties to identify any points of obvious concern or issues that warrant further investigation.

For some aspects of the analysis, a less data driven approach is appropriate and so the Investment Manager places a greater emphasis on qualitative factors in such instances. This can include matters such as the direct or indirect benefits of a company's products; the culture of the business; or whether the company is a responsible employer or member of the communities in which it operates. As part of this process, the Investment Manager takes a view on how the company measures against peers and the markets they operate in. The reporting by companies of ESG data varies by region, sector and within sectors. High ESG impact sectors such as transport, data centres and industrials would typically report more quantitative information on their ESG performance (for example safety, emissions, energy use, water, mineral grade) which allows more quantitative comparisons and assessments to be made.

For other sectors, where the ESG impacts are less significant (for example health care, media and IT services), ESG data disclosure is often less comprehensive. The ESG assessment must therefore be more qualitative focusing on factors such as employee benefits and compensation etc and less on environmental factors since the latter is less relevant to a company's success.

The sustainability of a company's products and practices are scored on a scale of 1 – 5 (1 = best). Companies that score below 3 on either metric are automatically categorised as 'Sustainable Laggards' and are uninvestable. Companies that score 3 or above in both metrics are categorised as either 'Leaders' or 'Improvers' and are suitable for inclusion. The Investment Manager regularly monitors progress against the KPIs it has set and will engage with the companies on their ambitions during the holding period. This process applies on a continuous basis. Bottom up research is refreshed at least annually, or more regularly if there is a trigger event which may cause a material change to the original case. This analysis must be updated at least annually and should the rating of an existing holding be downgraded to 'Laggard', it must be completely sold from the portfolio as soon as is reasonably practicable. The Investment Manager's Responsible Investment team has sole discretion to change the sustainability rating for any holding, including downgrading it to the 'Laggard' category, which would subsequently require it to be sold from the Fund as soon as is reasonably practicable.

(iii) Sustainability theme: All holdings must be assigned to one of the Fund's six sustainability themes (Climate Change, Ecological Solutions, Resource Efficiency, Health & Wellbeing, Inclusion, Sustainable Growth)

(g) Methodologies

What methodologies are used to measure the attainment of the sustainable investment objective and what methodologies are used to measure the sustainability indicators for attaining this sustainable investment objective?

The sustainability indicators listed below are used to measure, at the level of the Fund, the attainment of the sustainable investment objective:

1. The percentage (%) of investments aligned with the Fund's sustainability themes outlined above.

2. Absolute portfolio emissions versus the MSCI ACWI (the "**Benchmark**"), being Fund's benchmark used for performance comparison purposes only.
3. Carbon intensity versus the Benchmark.
4. Weighted average carbon intensity versus the Benchmark.
5. Board independence, as measured by % of independent directors on boards.
6. Board gender diversity, as measured by % of female directors on boards.
7. Portfolio alignment with UN Sustainable Development Goals.

(h) Data source and processing

How are the data sources used to attain the sustainable investment objective of the financial product?

External ESG data providers, Sustainalytics and MSCI and ISS have been selected as data sources to produce exclusion lists for the attainment of each of the environmental or social characteristics promoted by the financial product where that product is exclusion-based. Additionally, data is gathered from a range of sources to feed into the internal sustainability analysis carried out on each security considered for the financial product. Data from these providers may also be used in the sustainability research process carried out by our research team on each security considered for the product, which also forms part of the attainment of environmental and social characteristics for the product. In addition, this process will also seek information from sources such as company reports and filings, company websites, industry publications, press articles, and investment research providers.

What measures are taken to ensure data quality?

Data quality is monitored and ensured by the external provider chosen to deliver the data. Data quality is assessed and maintained across several dimensions as defined by each provider. These assurance processes are proprietary to the vendor and Aegon Asset Management has reviewed their reports concerning data quality and assurance. The external providers provide assurance that all commercially reasonable steps are undertaken to guarantee adherence to a quality framework.

How is data processed?

Aegon AM currently receives external ESG data via two delivery channels: via third party applications (Blackrock Aladdin, Bloomberg), as well as via the external vendors' own data portal. Access rights to third party systems are restricted in accordance with the relevant contractual agreements. Data downloaded directly from the vendor's own data portal is stored in internal locations with restricted access rights.

What proportion of the data is estimated?

The proportion of estimated versus reported data will vary per each underlying data point needed for the calculation for that ESG metric. For certain metrics, external ESG data providers make available further information on the underlying data, indicating the source of the data: estimation based on a proprietary model or issuer disclosures. Additionally, data obtained from public sources may also be estimated to some extent.

(i) Limitations to methodologies and data

What are potential limitations to the methodologies or data sources and how do such limitation not affect the attainment of the sustainable investment objective of the financial product?

Where data is reported by issuers such as companies, data limitations are tied to availability of reported data by such issuers as well as the coverage of issuers by external ESG data providers. Where data is estimated, limitations are tied to the accuracy of the proprietary estimation methodologies of external ESG data providers.

(j) Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

Aegon AM always maintains at least two ESG data providers and utilises multiple data metrics from their data sets for funds with a sustainable investment objective. This allows Aegon AM to compare different sources to allow sufficient certainty that the sustainable objective can be reasonably attained. The data used will be specific to each fund.

(k) Engagement policies

What is the engagement policy applied, in the case that engagement is part of the sustainable investment objective (including any management procedures applicable to sustainability-related controversies in investee companies)?

This Fund is subject to Aegon AM's Active Ownership Policy, which can be found at www.aegonam.com. For a description of procedures applicable to sustainability related controversies in investee companies for this Fund, we refer to the Sustainability Risks and Impact Policy as referred to in section (d) Investment strategy.

(l) Designated reference benchmark

Has an index been designated as a reference benchmark to attain the sustainable investment objective of the financial product?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

When fund has a designated reference benchmark

How is that index aligned with the sustainable investment objective of the financial product?

Not applicable.

What input data is used for the reference benchmark?

Not applicable.

Which methodologies are used to select the data in the reference benchmark?

Not applicable.

Which rebalancing methodologies are used for the reference benchmark?

Not applicable.

How is the reference benchmark calculated?

Not applicable.

If information is available on the website of the benchmark administrator, this is the hyperlink to the website:

Not applicable.