

Climate Action Plan

January 2025

For any financial terms within this document that you need help understanding please see glossary at the end or you can find a more comprehensive glossary at: www.aegonam.com/glossary

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:

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 for example a 50% 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 2030 relative to a 2019 baseline. As of 31 December 2023, the carbon intensity of these assets has reduced by 37% against the 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.



Brunno Maradei CFA
Global Head
of Responsible
Investment



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At Aegon Asset Management (Aegon AM), we are active, engaged and responsible investors. Within the clients' investment objectives, 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 years¹, we have built a comprehensive responsible investment approach consisting of three pillars: ESG integration, active ownership and solutions. We are continually expanding ESG integration across investment strategies, strengthening our active ownership efforts and expanding our client-centric responsible investment strategies.

¹ 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.

Helping to address the climate challenge

Climate solutions



Through our sustainable and climate transition strategies², 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. In 2024, we added to our climate transition range by launching a Global Short Dated High Yield Climate Transition³ strategy to support this ambition. We will also support affiliates in the Aegon Group to achieve their target of USD 3.5 billion in financing by 2030 for activities that help mitigate climate change or adapt to the associated impacts.

Investment restrictions



While we prefer to remain invested and engage in constructive dialogues with companies, there are instances where an activity or a company's business model is incompatible with a low-carbon world. In an effort to protect our clients from significant financially material climate risks, we make decisions guided by client mandates, preferences, and scientific research. Scientific evidence indicates that global greenhouse gas (GHG) emissions from coal needed to peak around 2020. Further, some experts suggest that OECD countries should phase out coal use entirely by 2030 at the latest. Consequently, we exclude certain companies involved in coal exploration, mining, refinement, and power production from the investment universe of funds managed by Aegon AM UK and Aegon AM NL.⁴

Thought-leading research



For climate-related investment strategies our investment research integrates climate change considerations through rigorous analysis and data. We focus on understanding the potential financial impacts of climate change. This research directs investments toward companies with robust and credible plans for decarbonisation. The assessment considers company ambition, performance, and alignment toward net zero, going beyond backward-looking emissions to form a forward-looking view of a company's transition readiness and alignment with the energy transition.

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. Aegon AM UK and Aegon AM NL 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. Aegon AM UK and Aegon AM NL also participate in other collaborative engagement programs, that focus on more specific topics such as methane emissions.⁵

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. Advised and/or sub-advised by Aegon AM UK

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

5. The activities described herein are carried out by the UK and NL affiliates within Aegon AM on behalf of their applicable clients.

Transparency



Data and disclosure play a crucial role in solving the climate challenge. Aegon AM relies on issuer transparency to obtain the necessary data and understand transition pathways. Material environmental and social disclosures can help inform our capital allocation decisions. In our direct engagements, we advocate for improved disclosure. We also support the CDP's engagement with non-disclosing companies, providing vital data on emissions, water, and forestry.⁶

We are also committed to transparency when it comes to climate and have reported on our on progress against our climate action plan in 2024 via our TCFD (Taskforce on Climate related Financial Disclosure) report for Aegon AM UK accompanied by a range of product disclosure 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. Aegon Ltd. is committed to achieving net zero greenhouse gas emissions across its business operations by 2050. Interim targets have been set for a 75% reduction in the carbon footprint of its operational activities by 2030.⁷ By the end of 2023, Aegon Ltd. reached 68% absolute emissions reduction from 2019 base year.

Active ownership



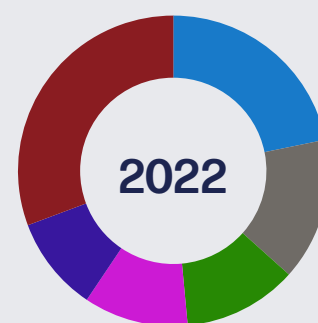
Managing climate-related risks and accelerating the low-carbon transition are integral to our stewardship processes. As active managers, we track how companies will transition and assess the credibility of their commitments.

To focus our engagement efforts, we set an engagement goal in 2022 that asked the 20 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 2024.⁶

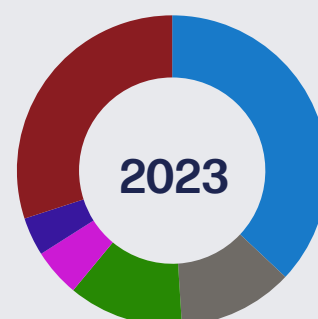
6. The activities described herein are carried out by the UK and NL affiliates within Aegon AM on behalf of their applicable clients.

7. www.aegon.com/sustainability/our-priorities/climate-change

Engagement by topic



- Climate change 22%
- Governance - Remuneration 15%
- Human and labour rights 12%
- Conduct, culture and ethics 11%
- Strategy, Financial and Reporting Corporate reporting 10%
- Other 31%



- Climate change 37%
- Governance - Remuneration 12%
- Human and labour rights 12%
- Human capital management 5%
- Biodiversity 4%
- Other 30%



At **37%**
climate change
remains our largest
engagement theme

Please see the Disclosure section for important additional information regarding engagements. As of 31 December 2023. Percentages may not sum to 100 due to rounding. Engagement will occur with some, but not all, issuers where the manager deems it appropriate. These figures represent all engagements performed by Aegon AM across our corporate fixed income and listed equity portfolios, primarily those advised and/or sub-advised by Aegon AM NL and Aegon AM UK.

Terms and definitions

Paris Agreement: is an agreement within the United Nations Framework Convention on climate change, dealing with greenhouse gas emissions mitigation, adaptation, and finance, agreed in 2015.

OECD: is an intergovernmental organization of 38 member countries focused on economic progress, democracy, and policy coordination among high-income economies.

Climate Action 100+: is an investor-led initiative focused on ensuring major corporate greenhouse gas emitters take action to mitigate climate change risks and maximize asset value.

TCFD: develops recommended climate-related disclosures for companies and financial institutions, informing investors and the public about climate-related financial risks. Disclosures introduced in 2021 apply to large entities reporting in 2022 (with 2023 reports) and smaller entities in 2023 (with 2024 reporting, like Aegon AM UK).

Disclosures

In the UK, this material is provided by Aegon Asset Management (Aegon AM) as general information only and is intended for professional and retail clients and other Aegon AM stakeholders. In the EU, this material is provided by Aegon Asset Management (Aegon AM) as general information only and is intended exclusively for institutional, qualified, and wholesale investors, as well as professional clients (as defined by local laws and regulation) and other Aegon AM stakeholders.

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.

The information in this document has been derived from sources believed to be accurate at the time of publication.

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Aegon Asset Management entities deliver services to, and share resources with, one another pursuant to applicable law as well as both global and local, policies, monitoring, and supervision. Personnel employed by a foreign Aegon Asset Management entity engaged in activity for, or through, a local Aegon Asset Management entity are subject to that local entity's applicable requirements and oversight. This may include the use of delegation arrangements and/or a participating affiliate arrangement (as this term is used by the U.S. Securities and Exchange Commission (SEC)).

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The engagements described herein are examples of how our RI specialists seek to engage with corporate issuers. This information does not represent all examples of our engagement and not all attempted outreach by the RI professionals results in engagement with corporate issuers or in the level of engagement described herein. Further, not all engagements result in positive outcomes. Corporate issuers may change their business practices for any number of reasons that may or may not relate to the RI specialists' engagement.

The information contained in this material does not take into account any investor's investment objectives, particular needs, or financial situation. It should not be considered a comprehensive statement on any matter and should not be relied upon as such.

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