

### AEAM GLOBAL SUSTAINABLE REAL ESTATE 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.**

#### 1. 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.

For a translation of this summary in one of the official languages of a member state where this financial product is made available, please refer to section (m) Summary Translations further on in this document.

#### 2. No significant harm to the investment objective

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

The Manager uses a mix of quantitative and qualitative approaches when analysing companies as to whether the product or practices of a company would be deemed to be significantly harmful to society or the environment. This is generally covered by the exclusions, but there may be other companies that the Manager would capture in the analysis as not having a strong enough reason to be included in a fund that is investing in companies resolving long term sustainability problems. In addition, in the course of the in-depth analysis the Manager would look at the controversies the company may be involved in. Companies with serious and/or ongoing controversies, or with significant supply chain issues, could be considered as doing significant harm.

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

PAIs are considered within the thorough, bottom-up sustainability analysis of companies' products and practices undertaken by the Manager. This process includes an in-depth analysis of the material (single and double) ESG factors for companies and PAIs are considered as part of this. 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 for the relevant asset class. In addition, the analysis will also consider indicators from Tables 2 and 3 that the Manager considers 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. This process also ensures that companies are doing no significant harm.

PAIs may change over time. Where the Manager considers a relevant PAI to signal a negative trend or situation, appropriate action will be taken, for instance feeding into the team's engagement strategy for the company in question. The Manager takes its active ownership responsibilities seriously. Company meetings (AGMs, EGMs, etc.) are individually analysed, and the Manager votes in meetings taking due consideration of the governance of each company. The Manager recognizes that good governance is often key to ensuring the good management of environmental and social issues. Where there is a lack of improvement over time, or where the Manager's engagement activities with the company have been unsuccessful in achieving an improvement in the indicator over time, the Manager at its discretion, can downgrade the company's sustainability rating to laggard, consequently forcing its sale from the portfolio.

In addition to considering the PAI indicators, certain issuers are excluded on the basis of their activities and associated adverse impacts. These exclusionary criteria are outlined in the Aegon AM NL Sustainability Risks and Impacts Policy applicable to this fund and in the product prospectus.

**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?**

The Manager ensures that the Sustainable Investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights by periodically screening the portfolio holdings using external specialized research, such as controversies, that indicate actual or potential breaches of international norms and standards. Please refer to the Aegon AM NL Sustainability Risks and Impacts Policy for further details of this process.

**3. 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 actively invest in listed real estate companies whose products, services, and activities contribute to or enable the improvement of sustainability targets as defined by the Manager's proprietary Sustainable Investment process.

**4. Investment strategy****What is the investment strategy used to attain the sustainable investment objective of this financial product?**

The Fund will invest predominantly in listed real estate equities as described in the Fund's investment policy. The 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 Manager's opinion, lead to them outperforming the market over the long term.

The strategy is implemented in the investment process in two stages: exclusions and bottom-up sustainability analysis. Any stock considered for the Fund must pass both stages to be considered investable.

First, the Fund actively avoids investing in companies identified as having significant adverse impact on sustainability factors including, but not limited to, climate change, biodiversity, human rights and good health and well-being and controversial weapons and controversial arms trade. The exclusion criteria that this Fund adheres to are outlined in the Aegon AM NL Sustainability Risks and Impacts Policy.

Secondly, the Fund groups its investments into six sustainable themes (our 'sustainability pillars'). These themes are:

- Climate Change – Reducing polluting emissions through insight and innovation.
- Eco 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 economies.
- Inclusion – Addressing inequality and helping to solve demographic challenges.
- Health & Wellbeing - Enhancing human wellbeing through better healthcare, diet and fitness.
- Sustainable Growth – Innovation and disruptive growth with positive first or second order impacts.

The underlying foundation of these pillars is strong governance as we recognise having a good foundation of governance means that the other ESG risks and opportunities are more likely to be properly managed.

The Fund aims to have positive impact by investing in companies whose products and/or services contribute to addressing sustainable challenges in each of the themes. In listed real estate the most common pillars are Climate Change, Health & Wellbeing, and Inclusion. For example, real estate companies that adopt green building principles and GHG reduction target would be grouped under the Climate Change pillar, while companies focused on providing senior housing or medical offices would be grouped under the Health & Wellbeing pillar. Companies providing affordable housing would be classified under the Inclusion pillar.

The 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 percentage of buildings covered by green building principles, Carbon emissions data, diversity data, ratings agency scores and the targets associated with Incentivisation of the executive management team all in relation to peers and region factor in the Manager's view of the sustainability of the company in question.
- Qualitatively the Manager takes a view on how the company addresses issues with respect to sustainability and the credibility of the measures taken. In addition, the Manager measures companies against peers and the markets they operate on, including differentiating features. The Manager continually monitors progress against the KPI's the Manager has set and will engage with the companies on their ambitions and progress before making the final decision on the sustainable rank the Manager assigns.

Possible rankings are:

- Leader: Demonstrably leaders in sub-sector
- Improver: Contribute to environmental or social objectives and meet DNSH and good governance requirements, but some issues are identified. Improvers will have evidence of a credible plan to solve the issues and will show evidence of improvement.
- Laggard: Poor product exposure and/or inadequate practices, with little signs of improvement

Only companies that are classified as Leader or Improver are eligible for the sustainable investment universe. Those companies also do not significantly harm any other environmental or social objectives and follow good governance practices as explained in previous questions. The Manager invests only in companies included in that universe with only temporary deviations allowed due to reasons of i) market timing and ii) illiquidity. The total aggregate deviation(s) including cash is limited to a maximum of 5% of the Fund's NAV.

Governance is an underlying pillar that is considered for all holdings. In addition, the Fund avoids investing in companies whose products and services are considered to be unsustainable. These are: adult entertainment, animal testing for cosmetic purposes, gambling, genetic modification for agricultural purposes, tobacco, weapons, nuclear power, fossil fuel extraction and companies failing to adhere to international standards on human rights. It will also adhere to the exclusion criteria that are outlined in the Aegon AM NL Sustainability Risks and Impacts Policy. The objective is to have at least 95% of the portfolio consisting of investments that are classified as either "improvers" and "leaders".

This rule is monitored on a continuous basis, with ex-ante controls and daily ex-post monitoring to ensure the Fund adheres to the sustainability requirements.

Bottom-up research and the assigned classification is continuously monitored by the analysts and portfolio managers during company interactions and research and refreshed on a regular basis, which could be annually or more regularly if there is a trigger event which may cause a material change to the original case, or at least bi-annually.

### **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?**

The Manager is required to assess good governance practices of investee companies. It is expected that the 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 corporate holdings of the portfolio 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 NL Sustainability Risks and Impacts Policy for further details. Results from this screening are used to formulate active ownership activities. For a full description of our approach to good governance, please refer to the policy.

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'.

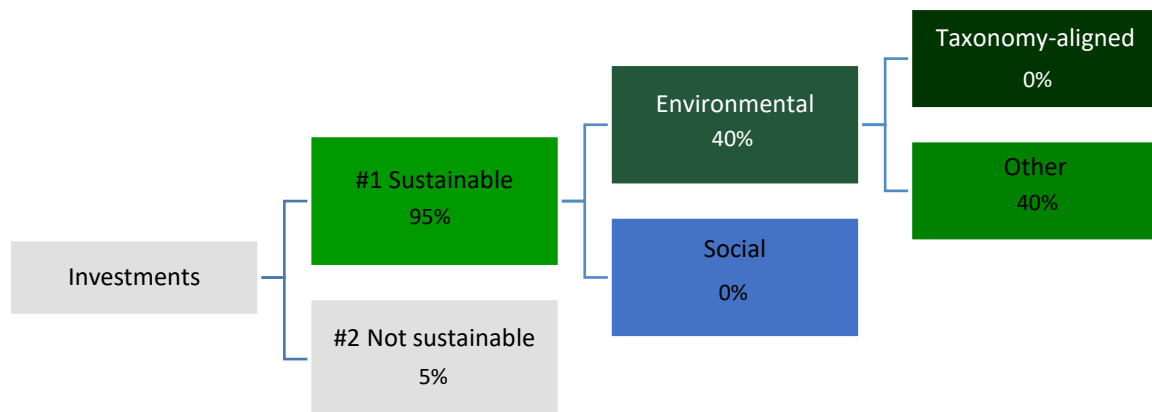
Governance is assessed primarily through the ‘practices’ section of the analysis framework outlined above. Companies are required to score a minimum of 3 on a scale of 1 – 5 (1 = best) on both products and practices to be eligible for the portfolio, so this effectively sets a minimum level of governance 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 using third-party external data sources.

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.

## 5. 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.

## 6. 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?**

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

- **Exclusionary screening:** The Aegon AM NL Sustainability Risks and Impacts Policy contains specific ESG criteria used to define an Exclusion List applicable to this Fund. The Manager is not allowed to invest in securities issued by issuers on the exclusion list.
- **Sustainability analysis:** The Manager is required to follow the detailed bottom-up sustainability analysis carried out on each investment proposed for the strategy. The Manager may only invest in securities categorized as 'leaders' and 'improvers'. This means that the investment policy is the binding element used to attain the Fund's sustainable investment objective.
- **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).

The sustainability indicators and binding elements are monitored on a continuous basis, with ex-ante controls and daily ex-post monitoring to ensure the Fund adheres to the sustainability requirements.

Bottom-up research and the assigned classification is continuously monitored by the analysts and portfolio managers during company interactions and research and refreshed on a regular basis, which could be annually or more regularly if there is a trigger event which may cause a material change to the original case, or at least bi-annually.

## 7. 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?

Several sustainability indicators are used to measure the attainment of the sustainable investment objective. First, internal and third-party screening is used to ensure compliance with the exclusions of the Fund. The Manager monitors compliance with the exclusions in an automatic manner and on an ongoing basis. These exclusionary criteria are outlined in the Aegon AM NL Sustainability Risks and Impacts Policy applicable to this fund and in the product prospectus. Second, the Manager analyses and reviews every holding at least every 12 months to ensure compliance with the sustainability framework. This is also monitored on an ongoing basis. This review includes the categorisation of issuers according to their ESG performances into "Laggards", "Improvers" and "Leaders." The Fund is only allowed to invest in companies categorised as "Improvers" and "Leaders" as these are the companies that we believe fulfil the definition of sustainable investments as articulated in the following answers. The Fund can only temporarily be invested in a stock no longer categorised as an "Improver" or "Leader" in case a stock is illiquid or no longer trading/temporarily not trading to allow for orderly disposal. The Manager can report the split "Leaders" and "Improvers" held within the portfolio at any time.

## 8. Data source and processing

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

An external ESG data provider has been selected as data source to produce exclusion lists for the attainment of some of the environmental or social characteristics promoted by the financial product. The investment strategy of this fund also relies on proprietary qualitative analysis to categorize issuers on their relative progress towards meeting the sustainability targets as defined by the Manager's proprietary Sustainable Investment process.

### 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. Upon the identification of data issues, data inaccuracies or technical/application defects, the error is to be investigated and resolved as per the vendor's incident management framework.

Information from other sources, such as company disclosed data, industry publications and press articles will be assessed and corroborated with data from other sources to provide assurance as to its accuracy.

### How is data processed?

Data in Aladdin is processed by applying an issuer transversal logic. It operates by taking each security in position and resolving it to the issuer it uses for ESG data inheritance per the defined asset resolution rollup. Once that issuer is defined, a check is performed by the system to confirm if that issuer has coverage for the measure requested.

Exclusionary criteria assessments are performed based on third party data retrieved directly from the vendor's system. Aegon Asset Management processes this data by applying our own exclusion criteria to the raw data, in line with our applicable Sustainability Risks and Impacts Policy. Internal qualitative analysis and decisions are 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.

## 9. 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.

## 10. 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.

## 11. 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](http://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.

## 12. 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.

(m) Summary Translations



Samenvatting

Het product heeft een duurzame beleggingsdoelstelling en het merendeel van de beleggingen in het product wordt beschouwd als duurzame beleggingen volgens de eigen methodologie van Aegon AM. De manager gebruikt bedrijfseigen en/of externe gegevens uit verschillende bronnen als input voor beslissingen. In het kader van due diligence houdt het product rekening met de belangrijkste ongunstige effecten voor zover dergelijke gegevens beschikbaar zijn. Dit product sluit verder op continue basis actief bepaalde beleggingen uit die een aanzienlijke negatieve invloed hebben op duurzaamheidsfactoren.