



Miranda Beacham
Head of ESG – Equity & Multi-Asset

We believe investors in our ethical funds are best served by ethical screening which is clear and unambiguous. Although our approach to investing has remained broadly consistent for over 30 years, we have successfully evolved our policies to incorporate new ethical issues which have arisen and the evolving needs of investors.

We formally review our ethical screening every two years. In the first quarter of 2023 we asked investors and their advisers for their feedback on our approach to screening within our ethical funds range. This paper contains the results of our online survey, which collected responses until 31 March 2023.

78% of respondents are already investing in our ethical funds or advise clients who do so. This helps us to balance the requirements of existing investors with ensuring the attractiveness of our funds to prospective investors.

Thank you very much to everyone who completed the survey. Both the data and comments are immensely valuable to us and will help to ensure that our approach remains relevant to the needs of our clients.

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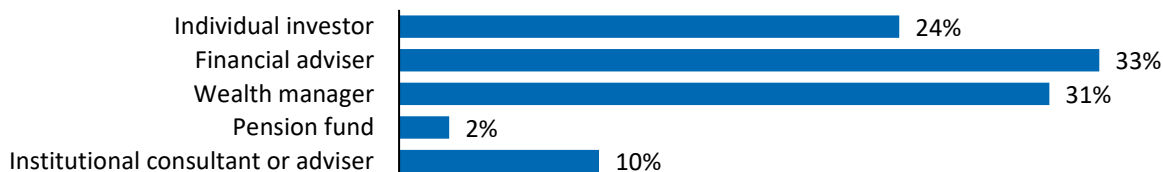
Summary of findings

<p>Endorsement of our current approach to screening</p>	<p>Overall, the survey results demonstrated strong support for our current approach to screening across our range of ethical funds. Across the 12 categories there was an average of 65% for retaining the current screening approach.</p>
<p>Areas where there is a desire for change</p>	<p>With regards to more stringent restrictions, 66% of respondents supported increased restrictions around tobacco and 31% on political donations.</p> <p>There were two areas where a sizeable minority of respondents expressed a desire for less stringent restrictions. 43% of respondents wanted a relaxation on companies providing support services to the nuclear power industry, while 37% wanted a relaxation of screening on genetic engineering.</p>
<p>Comments on themes raised by respondents</p>	<p>We are encouraged that, while respondents are happy with the current screening approach, there are still areas in which we can continue to make refinements.</p> <p>On tobacco, this has been a sector under question for many years. No tobacco producers are permitted within our ethical funds, although we could further tighten restrictions around companies which are exposed to tobacco through the distribution or packaging of these products.</p> <p>With regards to genetic engineering and nuclear, we have relaxed restrictions in the past and will continue to monitor these sectors closely.</p>

Gas infrastructure	We asked if investors would be comfortable owning gas infrastructure assets that we believe are key to the supply of an important transition fuel to end markets. The results were clearly in favour of 'yes', with 73% supporting this, although comments suggested this should be reduced in the future. As a result, we propose to retain our current policy. We will however revisit this in future surveys to ensure that we are fully reflecting the preferences of clients.
Areas of focus	We asked if there were areas where investors would like us to focus our engagement activity over the next 12 months. Climate change and decarbonisation were the dominant topics mentioned, although diversity and pay inequality represent a growing interest. These are the areas we currently engage on and will continue to hold our investee companies to account on these important issues.
Market trends over the next 2-3 years	There were some very insightful comments about how the responsible investment market is growing and evolving, many of which echo our own experience as a fund provider, for example in the demand for climate transition strategies, where we launched a dedicated short-dated investment grade climate transition fund in 2022. Respondents noted that they expect increased regulation, reporting and standardisation of fund labelling. Although some respondents welcomed this, others felt this was a distraction.

Detailed survey results

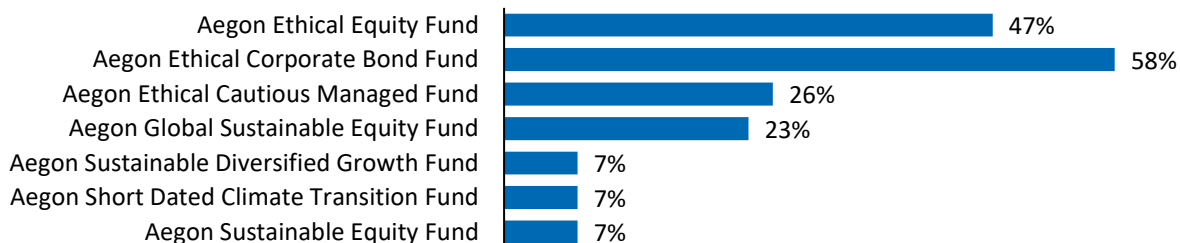
Your investor status



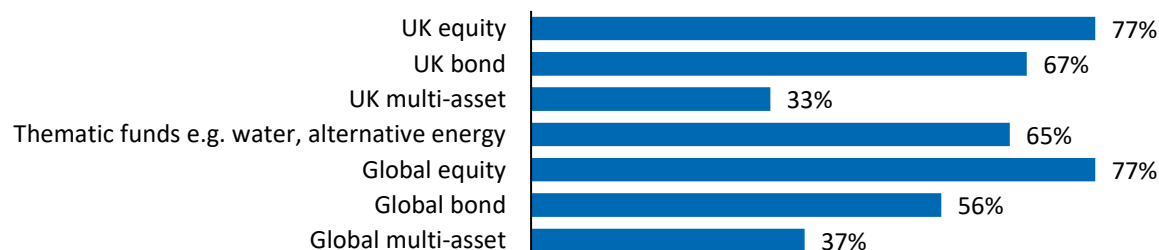
Do you currently invest in or recommend Aegon AM's ethical or sustainable funds?



Which ethical or sustainable funds managed by Aegon AM do you invest in or recommend to clients?

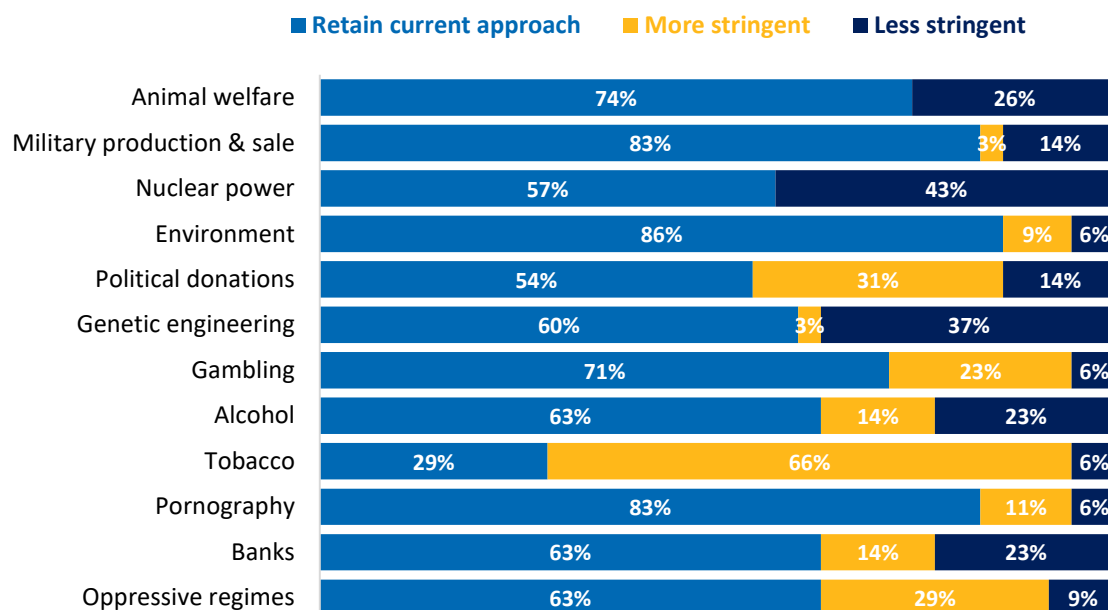


Which types of ethical funds do you invest in or recommend to clients?



Views on our screening criteria

For each screening category we asked respondents to share their views on whether we should retain our current screening approach, adopt more stringent screening or adopt less stringent screening. The chart below shows the results for each of the 12 screening categories.



What is clear from these results is that there is broad endorsement of our current approach to screening.

We now summarise the comments we received for each of the 12 screening criteria within our ethical fund range.

Animal welfare



We were interested to receive investors' views on the stringency of the animal welfare criteria that we apply. Specifically, our exclusion of supermarkets because of their sale of any meat, poultry, fish or dairy products. In many instances we regard their supply chain standards as good and - in some instances - excellent, especially where vertical integration enables good oversight of the provenance of meat products sold.

So, given the broad provision of foodstuffs that the UK supermarkets provide and their efforts to improve supply chain practices and provision of alternative proteins, do investors still feel they should be captured by the animal welfare criteria? We asked investors to note that the stringency of the existing animal welfare criteria, combined with a number of the other ethical criteria, significantly impacts our ability to invest in 'defensive' sectors, which in turn has an impact portfolio risk management.

We summarise our current policy as:

- We believe our current criteria for animal welfare is the strictest in the UK ethical fund market. As such we do not believe there is potential to make the criteria any stricter and so exclude a 'more stringent' option on that basis.
- We currently exclude companies which provide animal testing services or manufacture or sell animal-tested cosmetics, household products or pharmaceuticals. We also exclude companies which have any involvement in intensive farming; operate abattoirs or slaughterhouse facilities; or are producers or retailers of meat, poultry, fish or dairy products or slaughterhouse bi-products. These restrictions have a significant impact on how we manage the ethical portfolios.

- For the Aegon Ethical Equity Fund we exclude companies in the following sectors, with the figures in brackets representing the proportion of the FTSE All-Share Index* – Pharmaceuticals & Biotechnology (10.7%), Supermarkets (1.2%) and Personal Goods (0.5%).
- We also have significantly restricted investment in Chemicals (0.7%), Food Producers (0.6%), Health Care Equipment & Services (0.6%) and Specialised Retail (1.6%).

Comments on animal welfare

“We would prefer to include companies which use animal testing for medical reasons. We rarely have clients that wish to exclude companies who are retailers of meat, poultry, fish or dairy.”

“We are content with investments that are “on the road” to improvement. We believe engagement is key - to encourage firms to adopt more animal friendly processes where possible.”

“In our own research, it seems investors prefer a best practice but acknowledge this may mean more intensive practices or testing.”

“Current strict approach means fund can be bought for all clients, including those with significant animal welfare concerns.”

“Your approach does indeed set you apart from many other providers. As such it makes your funds a useful investment for clients with very strong animal welfare opinions. That said, there are a lack of equivalence in other global equity strategies - so creations of a balanced portfolio is difficult - thus to an extent defeating the purpose of selection - clients either have to accept a very skewed investment strategy or make compromises on other funds - this really making your funds a bit tokenistic.”

“If animals aren’t killed, people can’t eat what is part of a balanced diet. It’s a tricky area, in view of some stories that make it into public domain, however, I feel it harsh to exclude something that produces a staple.”

Military production and sale



We currently exclude companies which manufacture armaments, nuclear weapons or associated strategic products. We define strategic as specialist products or services essential to modern weapon systems or combat operations. There are no suitable investments in the aerospace and defence sector (2.0% of the FTSE All-Share Index*).

This screen also often impacts the ability of our Ethical Equity Fund to invest in a number of engineering companies, while there is also some impact on the software sector.

Comments on military production and sale

“As we have seen in the past year defence is important. However, we would like defence contractors to separate out non-defence activities where they can.”

“Ethical clients are opposed to investing in war.”

“Could introduce a de minimis threshold on the engineering side, so companies with very small exposure are not excluded.”

“Engineering is important and 2022 has demonstrated, sadly that defence is necessary. I think consideration to including is warranted if the opportunities are robust enough to include.”

“In order to accommodate aerospace.”

“So be it - many of our clients want really strong approach around arms issues – it’s not an area for pragmatism.”

“This is often an area mentioned by clients - what would more stringent look like?”

Nuclear power



We were particularly keen to understand clients' views on nuclear power. As it stands, this exclusion impacts engineering companies that provide services to the nuclear industry (among other industries).

We were therefore specifically seeking views on relaxing the restriction to allow us to invest in these companies, given the existing significant range of exclusions that are already applied.

Our guidance note on nuclear power are:

- We currently exclude companies which provide critical services to, own or operate nuclear power facilities.
- It also impacts the ability of our Ethical Corporate Bond Fund to invest in European electricity generators.
- This criteria also renders some engineering companies unsuitable for investment but we have been re-examining those to allow companies that are enabling the renewable energy industry to grow and mature.

Comments on nuclear power

"Nuclear power is one of the solutions for the energy transition and is rarely a restriction that is asked for from our clients."

"A difficult call. If the industry could improve its track record we see Nuclear Power as being very beneficial for emissions."

"Our client bank is divided on this issue."

"I think there is enough end client demand to warrant keeping this in, but I wonder if views are changing on this one."

"I do think that this should be monitored, we need innovative energy solutions and nuclear may be an option to include rather than exclude if it can safely provide energy security."

"It looks increasingly likely that nuclear power will form a part of our energy mix for longer than may have previously been expected. I would be interested in any current views on nuclear power as an alternative to the fossil fuel-based energy companies (appreciate any change on this wouldn't have much impact on the Ethical Equity fund)."

"I do not agree in nuclear exclusion."

"Climate change is changing perception for some around nuclear but there is a myriad of social, economic and governmental issues which link to the sector as well. There is still a significant constituency for this approach."

"I don't think nuclear power is on most ethical investors hit lists, far more conversations around oil/gas."

"Historically across multiple managers nuclear energy has been screened out, there's clearly risks of disasters and disposal of waste. There have been strides made to providing safer and still 'zero-emission' energy such as Rolls-Royce's small nuclear reactors."

"If a nuclear facility needs expert support, it should have it. Without it, the consequences may well be unthinkable so including support in an Ethical and Sustainable mandate can have a strong argument in favour."

Environment



We currently exclude companies which are involved in activities which are commonly held to be environmentally unsound – specifically manufacturers of PVC, ozone-depleting chemicals and hazardous pesticides. We added oil and gas exploration and production companies to this list as a result of client feedback from our last survey.

We also exclude companies which are in breach of internationally recognised conventions on biodiversity and companies in energy-intensive industries which are not tackling the issue of climate change. For example, we exclude companies with coal-mining operations and those which operate tar sands production facilities.

This typically affects our ability to invest in sectors which can have a high environmental impact, including transport, mining, construction and materials, electricity, gas, water and multi-utilities.

Comments on the environment

"Most clients see Environmental issues as their main driver of ESG investment."

"For our clients invested in our ethical portfolios I would prefer to see airlines excluded."

"Is this a new approach to airline? I thought I'd saw Jet2 in there previously. In my view, airlines in the current capacity are not appropriate for a sustainability fund due to high carbon impact and lack of viable transition strategies."

"It is highly probable that we will all fly and it is too easy to include/exclude by criteria. Inclusion of Airlines could be considered where progress can be made to ensure safe for environment craft can be designed and delivered. Relying on carbon offset is unlikely to be sufficient progress to invest."

"We have no strong view on the airline question."

"No fracking investment please."

"I fully agree until there is a truly clean solution to airlines fuel."

"Yes - the airline industry gets all the support and government subsidy it needs - it doesn't need our client's investment funds as well. We are particularly concerned about effective subsidy and unlevel playing field on short haul flights within one country where trains and more environmentally sound options should be supported."

"Generally speaking, companies which exploit the environment would be expected to be removed. I don't believe airlines that are trying to get more efficient and have less impact should necessarily be excluded."

"I do not believe airlines to be appropriate for alignment with an environmentally friendly investment policy. While there are some airlines 'better' than others, this would be more akin to a best in class which would then pave the way for this approach across the whole portfolio. By not allocating to the fund it doesn't restrict the opportunity set to a great degree."

"Please continue to avoid airlines."

Political donations



We currently exclude companies which have made political donations of more than 1% of revenues in the past year.

We were interested in hearing investors' views on the political donations criteria as it is currently applied. For UK-listed companies that the ethical equity fund invests in, very few make political donations (in the true sense), while those companies that do are generally excluded on other grounds. This means that the political donations exclusion has limited practical impact in the UK.

The criteria significantly impacts our ability to invest in US issuers of sterling debt within the Aegon Ethical Corporate Bond Fund. The threshold of 1% of revenues is very low in the context of the relatively opaque US political system, where it can be difficult to differentiate between individual and corporate donors. We are not aware of any other ethical funds that apply such a criteria. We therefore welcomed feedback on the extent to which investors value its inclusion, relative to the significant impact it has on the number of US companies that the ethical corporate bond fund could invest in.

Comments on political donations

- "Most clients do not see it as the job of companies to make political donations - looks like bribery."*
- "I would continue to exclude companies that are large benefactors to political entities."*
- "Would be interested to see an analysis of how many additional US issuers this excludes above and beyond the other criteria. 1% of revenues is a significant amount so there is scope to tighten this criteria but it is not a priority from my perspective."*
- "Companies are unlikely to have political interests or motivation, only the Directors. Such investments should be excluded."*
- "Governance best practice should prohibit any political donations."*
- "Companies should be banned from influencing government policy by political donations. It is also against shareholder interests."*
- "Tough one - political donations can be a force of good. Not sure this should be a blanket ban."*
- "Political donations should be assessed on a case-by-case basis as to the intentions of such. Is it to support the 'green party' for example?"*
- "In the view of investors politics are wrongly being too strongly influenced by corporations."*

Genetic engineering



We currently exclude companies which have patented genes. This principally impacts our ability to invest in the pharmaceutical & biotechnology sector, which together constitute 10.7% of the FTSE All-Share*.

Comments on genetic engineering

- "A tricky area but there are many potential benefits to society from well-handled genetic engineering."*
- "Not sure of relevance."*
- "Would stay invested and ask companies for strict safeguards around use of those patents."*
- "Genetic engineering can do some way to improve the 'S' aspect of 'ESG', improving significantly people's way of lives, those directly and indirectly affected."*

Gambling



We exclude companies which have investments in betting shops, casinos or amusement arcades accounting for more than 10% of their total business. This means we avoid all UK-listed gambling companies.

Comments on gambling

- "Reduce to 5% max."*
- "I can't see any societal benefit of gambling companies so would continue to exclude."*

"10% seems a relatively arbitrary figure - this one could easily be absolute to bring it in line with the other criteria. Also the wording seems to miss online gambling services."

"None of the online gambling things which are constantly advertised on TV."

"Concern about online gambling too and gamified investment platforms eg crypto."

"We would prefer a 5% revenue threshold rather than 10%."

"Given the impact on mental health."

Alcohol



We avoid companies which derive more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks. This means we screen out all alcoholic beverage manufacturers, such as Diageo.

In addition, half of the companies in the travel and leisure sector by number are deemed unsuitable because of the alcohol and gambling screens.

Comments on alcohol

"Reduce to 5% max."

"10% seems a sensible limit -Most clients even in ethical models seem more tolerant on alcohol companies, but still at a higher level many would still prefer an exclusionary policy."

"Seems fair."

"Clients in generally less concerned but there are particularly faith led clients who value this."

"I would say this likely depends on the demographic of underlying investors. i.e. excluding alcohol when the investors themselves drink. clearly an assessment of the consumption of the underlying and contribution to areas that affect society like alcohol abuse etc. i.e. selling of low cost high ABV products."

"We would prefer that the revenue threshold is 5% rather than 10%, but specifically applying to alcohol production rather than sales."

Tobacco



We currently screen out companies which derive more than 10% of their turnover from the growing, processing or sale of tobacco products. No tobacco manufacturers are suitable for investment, representing 3.5% of the FTSE All-Share Index*.

Comments on tobacco

"We have a zero tolerance to tobacco production, but for sales we are comfortable with a 10% threshold due to the impact this can have on businesses not in the tobacco sector."

"Yes reduce to 5% max."

"As long as investment in supermarkets is still allowable, we would be happy to see this reduce."

"Yes would support reducing the threshold to 5% tobacco is one of the key issues we see raised by clients."

"I would support a more stringent policy on this."

"Seems fair. Not sure 10 or 5% really makes much difference?"

"On the whole, our investors are generally quite happy with the 10% threshold. It would be good to have more information on the universe impact of such a change before firming up our view. Does the Ethical Equity fund currently invest/ has it historically invested in any companies that would fall fowl of a 5% threshold?"

"Yes, I would support 5%."

"It has been proven a long ago how tobacco impact human health, and the cost that impose on healthcare infrastructure. I would support the change to 5 perc guidance."

"Yes, would support tightening of de minimis from 10% to 5%."

"Consider issues around vaping as well and nicotine pouches these are not being marketed as means to ease an addiction - in fact they create a new one. The most cynical form of capitalism."

"I don't think I have ever come across anybody where 10% would be a deal breaker. I think common sense should prevail; I don't think moving from 10% to 5% would make much difference."

"I believe there should also be inclusion for those that sell smoke free tobacco products. While new to market with not much research as to the impact they have on individuals they do passively contribute to addiction."

"We would prefer a 5% revenue threshold rather than 10%, but specially relating to tobacco production."

"We would support moving to a 5% revenue limit. We would be comfortable if this is based on production rather than sales."

"Please exclude tobacco companies completely."

"Long-term health issues, which lead to economic and care negative implications."

Pornography



We currently exclude companies which provide adult entertainment services. This impacts a limited number of companies, principally in the media sector.

Comments on pornography

"Very limited impact on the investable universe and can see no reason for inclusion of the handful of stocks that might be seen to operate in this area."

"Limited impact so may as well keep strict."

"Social attitudes do seem to be changing but objectification of any gender/status is of concern."

Banks



We currently exclude corporate or international banks with exposure to large corporate or developing world debt. This screen also significantly impacts the available universe for our Ethical Corporate Bond Fund.

The UK-listed banks HSBC, Barclays and Standard Chartered are currently excluded from investment (6.3% of the FTSE All-Share Index*). The retail and mortgage-focused banks are suitable for investment e.g. NatWest Group, Lloyds and Virgin Money.

Comments on banks

"We disagree with the term 'Third World'. As a South African company, we would prefer to see banks lending to developing countries and corporates as this helps them with their development."

"Invest and engage to ensure this lending is responsible."

"This is perhaps the most difficult to assess from our point of view. I think maintaining your clearly defined policy so see little change necessary."

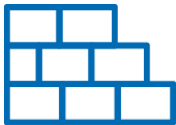
"Perhaps more focus on ESG loan book risk?"

"I would want to understand the logic behind this choice."

"I would like to see a requirement to consider banks policy on fossil fuel funding as well."

"Case by case onto predatory lending etc. reducing the cost of capital for the banks and supporting investors might allow banks to be able to reduce the cost of financing to third worlds. Clearly there needs to be appropriate funding for third world countries to invest in their countries. An assessment would also need to come at another level to the amount of potential corruption in the underlying countries borrowing capital i.e. does the money actually make it to investment opportunities."

Oppressive regimes



We currently exclude companies which operate in countries with poor human rights records, and which have no established management policies on human rights issues. This has a significant impact on our Ethical Equity Fund's ability to invest in the mining sector (7.0% of the FTSE All-Share Index*).

Human rights are also a consideration when we invest in retail companies which operate international supply chains.

Comments on oppressive regimes

"Recent event in Russia show the financial dangers of investing in such companies never mind the ethical considerations."

"I see no reason to limit HR as a consideration to retail supply chains when other supply chains are also risky."

"Case by case. What are the standard of the company - can they be leaders in the country that they operate? To help drive change."

Additional questions

Our ethical funds currently invest in gas infrastructure assets that we believe are key to the supply of an important transition fuel to end markets. Are you happy for this to continue?

The results were heavily weighted towards 'yes' but comments suggested this was a temporary solution until alternatives are available and that it would need reduced in the future.



Comments on gas infrastructure

"Yes. We still need to get to zero emission. Such companies should be encouraged to help and restructure."

"This will infringe some people's views on fossil fuels investment, so may act as a barrier for some investors."

"For the time being yes, although we would expect this to reduce in relevance in the future."

"At the current time yes."

"Yes, but with a clearly defined end point."

"It is a reasonable, defensible position but I'd like to see it fleshed out: does your willingness to invest in gas infra as a transition play vary by geography? Do you have in your view a point at which your rationale will no longer apply? What's the view on timelines?"

"It is important for the UK energy security until alternatives are available."

"Yes. Transition is key."

"I believe gas need to be considered a temporary transition solution not the easy way out."

"No. Gas infrastructure projects should be avoided. Suggest de minimis of 10% or lower."

"Yes, if essential."

"We would accept this as part of current policy but wouldn't want to see further investing into such activities - the time of calling gas a transition fuel are past and capital needs to be focussed into long term sustainable, client friendly energy solutions."

"Don't have sufficient information to make a decision."

"Fossil fuels is probably the second biggest no that I get from ethical clients so would suggest this would not be appropriate."

"We are comfortable with this for emerging markets but would prefer to reduce/avoid in developed markets."

"Yes, as long as you exclude the fossil fuel companies."

"Yes. People need to cook and keep warm."

"Yes, providing there is a focus on supporting renewables."

"Yes, but review as energy transforms over time."

Are there particular areas where you would like us to focus our engagement activity over the next 12 months?

Comments on engagement activity

“Renewable energy/carbon negative companies.”

“Pressure on the authorities to provide more standardised and enforced reporting by companies which in turn leads to greater fund transparency.”

“Companies wasting money on ESG and Net Zero vanity projects that do nothing for shareholder returns.”

“Biomass as a fuel.”

“Any benefit to Russia or its allies in the Ukrainian conflict.”

“Gender equality.”

“Focus on social issues - climate currently dominating engagement activities.”

“We are currently carrying out a survey to understand our clients' views on this very issue and would be happy to share the results when we have them.”

“Executive pay and diversity. Less Eton 'educated', more who have had to find their way through life, rather than have it given and no recognition (in terms of pay) for a complete lack of achievement.”

“More investment in renewable energy.”

“Accelerate the phase out of fossil fuel and push for more investments in sustainable technologies.”

“Decarbonization and transition to net-zero by 2030.”

“Emissions reduction only.”

“Renewables”

“Executive pay”

“Climate Change and Biodiversity”

“Biodiversity”

How do you see the responsible investment market developing in the next 2-3 years?

There were some very insightful comments to this question, many of which echo our own experience as a fund provider. In a continuation from previous surveys, we are seeing more competition from ESG-themed passive funds and have worked hard to explain to clients the benefits of an active approach that is underpinned by deep fundamental analysis.

As a manager with an ethical range stretching back over 30 years, but which also offers a range of sustainable, ESG best-in-class and low-carbon impact funds, we want to continue to satisfy the demands of our client base, while offering products who meet the needs of investors who want different approaches.

We would also like to acknowledge the challenges that further focus on fund labelling may challenge in the coming year. As they are currently designed, there is no natural home for the ethical products within the Sustainable Disclosure Requirements (SDR) framework - and assure our clients that we are fully engaged with the regulators to work through a solution that is in the best interests of our clients.

Comments on responsible investment market

"Increasingly mainstream, the information provided by ESG data providers needs to significantly improve (but this requires companies to publish the required data), and specialist funds will need to clearly show how they are having positive impact/supporting change."

"I think it will increase."

"Expediate with current non-renewable crisis and to diversify global energy sources."

"More standardisation of company reporting making investment ranking of ESG criteria better and more transparent."

"I believe that investors will demand more engagement but regulators' focus on labels and descriptions will prove to be a distraction that could mean less development. Ultimately, I expect the 'mainstream' investment market to move closer to the SRI/ESG market, but I can also see some movement the other way too."

"Growing, but growth being lumpy due to the psychological investment behaviour."

"At the current time we are seeing some investors quite nervous as most ethical funds have for obvious reasons underperformed over the last year, I believe that some advisers put clients into these funds based on performance rather than values which has not helped. I am concerned about the number of funds labelling themselves as 'ESG' and therefore trying to promote themselves as responsible when really they are just integrating good ESG practices and unless SDR can address this properly through labelling I think it could undermine confidence."

"Badly!"

"Once we are through this difficult period for small and mid-cap companies, the flows will recommence into ethical funds."

"Think it could become more thematic rather than the wider mandates currently offered."

"Regulatory interventions will be interesting to watch. Fear that various taxonomies are driving the industry towards a loss of nuance."

"It should become stronger, we need the market to develop on credentials, not be sold on performance, which I think happened during the pandemic."

"Primarily I see the SDR regulation bringing more clarity for retail investors over the next 2-3 years (I'd be interested in any thoughts you may have on how the Ethical Equity fund will map against SDR). Climate change has fallen down the agenda for some this year because of the cost-of-living crisis and the war in Ukraine, but I expect it to come back to the fore in the coming years. This should help drive continued interest in, and demand for, Responsible Investment funds."

"FCA proposals a significant advance."

"I see it growing a lot."

"Continuing to grow at pace."

"Mildly optimistic on green washing being called out and responsible investment managers being recognized for their superior work."

"Increased emphasis on climate."

"A regulatory and marketing mess>"

"Investment to promote the transition to net zero."

"A trend along the sustainability thread - to an extent supported by FCA policy - I feel that this approach to address greenwashing is going to damage aspects of a much wider investment ecosystem of values-based investments that Aegon/Kames has been at the heart of for over 20 years. There will continue to be a lot of 'snake oil' activity in the area of secondary markets purporting to contribute to SDG's and just what is ESG."

"Significantly. As one of the few early pioneers of the Ethical/Sustainable Investment industry, it is promising to see that responsible investment has at last become a mainstream offering. With triggers such as COP 26/27 etc, the Ukraine/Russia war and now mass media coverage this will cause a proliferation in this type of investment. With Aegon's profile as an originator of ethical/sustainable investment, rigorous screening and excellent fund management, they can position themselves in a more elevated market position as opposed to the newer 'greenwashing' investment houses with less credible traditions and practices."

"There's a lot of talk around ESG, but most people start their journey in this area with a list of negative criteria. This will need to be the starting point."

"Growing - focusing more on specific thematic issues."

"I'd like to see it recover its status of 2021, as we move back towards less pessimistic valuations and more towards their end goal and those useful services and products that make life better or spend health budgets more efficiently."

"More stringent testing of 'green claims' and more standardised definitions."

"Regulators demanding that ethical funds are more clearly labelled from an ethical and risk perspective - hopefully the industry may devise a standard rating format before being forced to do so."

Final comments

Thank-you to everyone who completed the questionnaire. We read every comment and think carefully about how to develop our offering as a result. Below are some of the final comments from respondents.

Final comments from respondents

"Perhaps in a few decades there will be no such thing as ESG investment as all listed companies will be ESG aligned. Or are we living in a fools paradise?"

"Asset managers need to be very clear about their objectives in this market rather than trying to be all things to all people. Investors are fickle as we saw during 2022 when fossil fuels delivered large returns."

"It is important to review ethical views as they change dependent on the environment we live in."

"Thank you for offering these investments and doing the screening. It is good to have an alternative."

"Please retain fossil divestment policy covering coal, oil and gas."

"Climate emergency requires urgent divestment in all fossil fuels."

"Keep up the good work - interested to see how your new funds development - but the core dark green product is greatly valued."

"If it ain't broke don't make the mistake of trying to fix it. Build on your exceptional reputation, processes and achievements to lead the line in an ever-increasing lost world. There are many 'Johnny-Come-Lately' investment providers who are desperately scrambling for the recognition, processes and results that Aegon already have in abundance. No need to imitate your competitors."

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Important information

For Professional and Retail Investors. Capital is at risk.

This is a marketing communication. The principal risk of this product is the loss of capital. Please refer to the KIID and/or prospectus or offering documents for details of all relevant risks. For all documents please see www.aegonam.com/documents.

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.

These funds are 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 **Aegon Ethical Corporate Bond Fund** and **Aegon Ethical Cautious Managed Fund** are: Credit, Interest Rate and Liquidity. Material risks for **Aegon Ethical Equity Fund** are: Liquidity. Material risks for **Aegon Sustainable Diversified Growth Fund** are: Credit; Liquidity; Counterparty; Other Markets; Concentration Risk; Foreign Exchange; Interest Rate and Derivatives. Material risks for **Aegon Sustainable Equity Fund** and **Aegon Global Sustainable Equity Fund** are: Liquidity; Concentration Risk; Foreign Exchange risk and Other Markets. Material risks for **Aegon UK Sustainable Opportunities Fund** and **Aegon Global Short Dated Climate Transition Fund** are: Credit and Liquidity. Please read the KIIDs 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. Content is accurate as at 30 April 2023 but is subject to change without notice.

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 or by calling our investor helpdesk on 0800 358 3009 or in writing from Asset Management UK plc, Sunderland, SR43 4BR.

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

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