



# ESG example Report

## Multi Manager fund range

For professional investors only

### ESG reporting overview

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

This ESG report includes five primary components:

- **ESG integration and characteristics:** Overview of our approach to ESG integration and summary of the portfolio's ESG profile.
- **External ESG views:** Summary of the portfolio's ESG profile based on ESG categories or scores provided by external data providers
- **Active ownership activities:** Overview of engagement within the portfolio.
- **Carbon footprint:** Summary of the portfolio's carbon footprint including carbon impact metrics, carbon risk and intensity of holdings.
- **Other ESG information:** Summary of alignment with UN Sustainable Development Goals (SDGs) and overview of exclusions applied.

This report was prepared for the [name fund] relative to the [relevant benchmark].

### ESG integration and characteristics

Aegon AM selects and monitors external managers that manage a mandate in the respective MM funds. By combining several managers into the Fund the risk/return ratio of the Fund is superior to the risk/return of the individual managers. This is achieved due to diversification effects, managers have different approaches to come to the target of outperforming the broader market. As such the investment process and idea generation of external managers is different from each other. In the Fund we target for this diverse approach to construct a portfolio that delivers stable long term outperformance.

An important element in the investment process of every external manager is their approach to ESG. ESG should be an integral part of their investment decisions. In aiming for an optimal set of external managers we select managers that have certain commonalities as well as certain unique characteristics in their investment approach. This also applies to their approach towards ESG.

This section (that is deleted now) describes the fund and manager specific ESG integration approaches and high-level characteristics.

## External ESG views

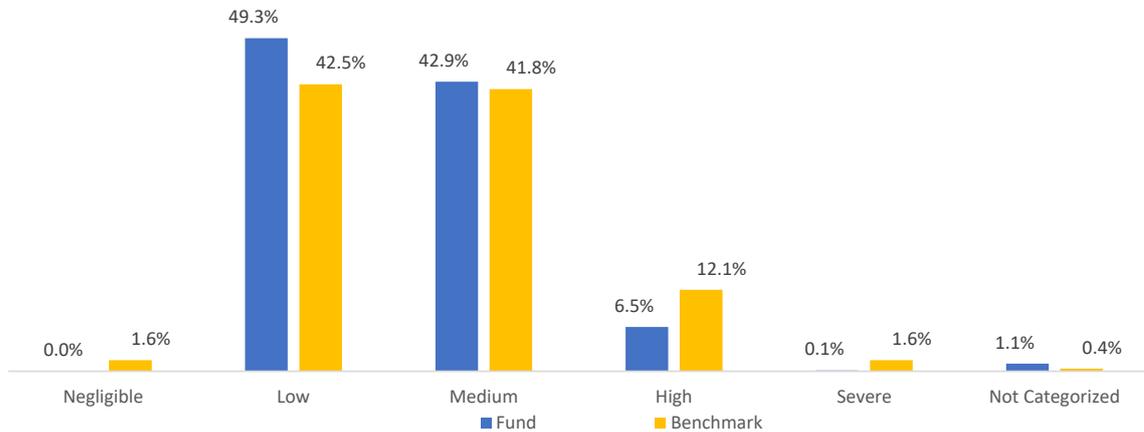
Sustainalytics	Portfolio	Benchmark
ESG Risk Rating	20	22
Coverage	99%	100%

Source: Sustainalytics. Values as of end of reporting period. ESG Risk Ratings are based on a scale of 0 to 100 where: 0-10: Negligible; 10-20: Low Risk; 20-30: Medium Risk; 30-40: High Risk; 40-100: Severe Risk. Certain information ©2022 Sustainalytics. Reproduced with permission. Not for further distribution.

MSCI	Portfolio	Benchmark
ESG Key Issue Score	5	5.5
Coverage	95%	100%

Source: MSCI. Values as of end of reporting period. ESG Weighted Average Key Issue Scores are the foundation for MSCI ESG Ratings and are based on a scale of 0 (unfavourable) to 10 (most favourable) where: 0.0-2.9: CCC/B; 2.9-7.1: BB/BBB/A; 7.1-10: AA/AAA. Certain information ©2022 MSCI ESG Research L.L.C. Reproduced with permission. Not for further distribution.

## ESG risk category allocation



Source: Sustainalytics. Values as of end of reporting period. ESG Risk Ratings are based on a scale of 0 to 100 where: 0-10: Negligible; 10-20: Low Risk; 20-30: Medium Risk; 30-40: High Risk; 40-100: Severe Risk. Certain information ©2022 Sustainalytics. Reproduced with permission. Not for further distribution.

## Top and bottom ESG holdings

Top Five Holdings		
Name	ESG Risk Category	Portfolio Weight
Company A	Low	2.0%
Company B	Low	2.0%
Company C	Low	1.5%
Company D	Low	1.5%
Company E	Low	1.0%

Bottom Five Holdings		
Name	ESG Risk Category	Portfolio Weight
Company A	Severe	0.5%
Company B	High	1.0%
Company C	High	1.5%
Company D	High	2.0%
Company E	High	2.0%

Source: Sustainalytics. Values as of end of reporting period. Includes top and bottom five based on ESG Risk categories and portfolio market value exposure. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the representative account, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Certain information ©2022 Sustainalytics. Reproduced with permission. Not for further distribution.

## Active ownership

We believe taking responsibility as an investor also means being a truly active owner, not just as a shareholder but as a financier more broadly. We aspire to influence positive change by engaging in dialogue with issuers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management on sustainability concerns, promote growth in sustainable business lines or advocate for changes that align with responsible investment standards. Successful engagement can also create new investment opportunities. By spearheading engagement efforts and exercising shareholder voting rights, we use our voice and actions to try to effect positive change.

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

- Milestone 1: We have flagged our concerns and contacted the company.
- Milestone 2: The company responds (letter, email, phone call) and the dialogue starts.
- Milestone 3: The company has taken concrete steps to resolve our concerns.
- Milestone 4: The engagement goal has been achieved.
- No further action required: In some cases, the assessment changes and, after talks with the company, we may decide to no longer pursue the engagement. This is when we categorize the engagement as “no further action required”.

## Engagement Case studies AIM

Case studies regarding Aegon Asset Management engagement activities can be found in our “Responsible Investment Report” which is available on our website:

<https://www.aegonam.com/en/responsible-investing/>

## Engagement Case studies external managers

### Company X: company name

Case example where the engagement commentary of external managers are highlighted.

### Company Y: company name

Case example where the engagement commentary of external managers are highlighted.

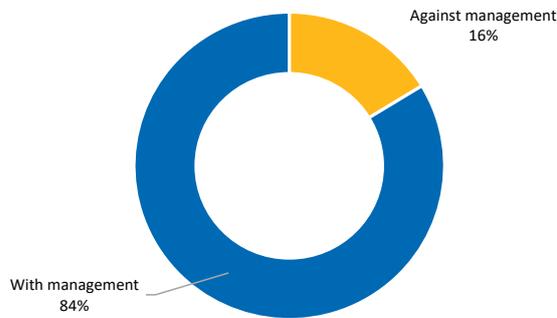
### Company Z: company name

Case example where the engagement commentary of external managers are highlighted.

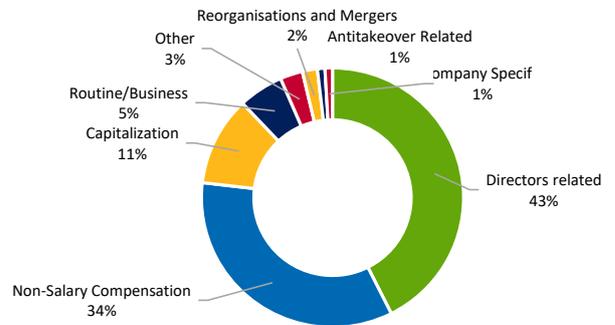
## Voting activity

### 88 Meetings voted

Overview of Votes Cast



Votes on Supported Shareholder Proposals



Source: Aegon IM. Includes voting activity for issuers held in this portfolio during 2021 ending at the reporting date. Multiple votes may be cast for the same meeting and on one more than one topic.

## Carbon footprint

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

- **Total emissions:** A measure of the most recently reported or estimated scope 1 (direct activities), 2 (indirect from purchased energy) and 3 (indirect from activities in the value chain) emissions available for issuers allocated by exposure.
- **Relative Intensity:** Total carbon emissions of the portfolio normalized by the market value of the portfolio.
- **Weighted average carbon intensity:** Total carbon emissions of issuers held in portfolio normalized by revenue and allocated based on portfolio weight..
- **Carbon Risk Rating:** The Sustainalytics measure of unmanaged exposure to the risks arising from the transition to a low-carbon economy.

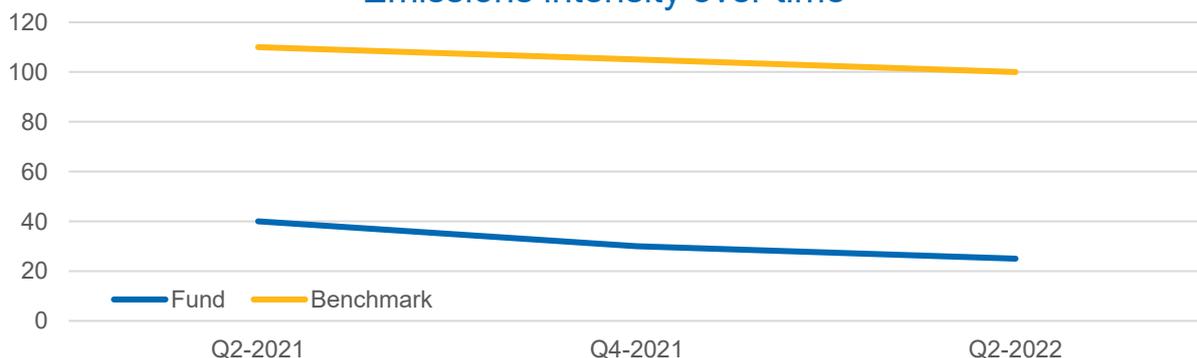
## Carbon footprint metrics

Scope 1 and 2 emissions						
Metric	Unit	Portfolio	Portfolio Coverage	Benchmark	Benchmark Coverage	Delta
<b>Total emissions</b>	tCO2e	25,000	99%	10,000	100%	-75%
<b>Relative intensity</b>	tCO2e / EUR million invested	25	99%	100	100%	-75%
<b>Weighted average carbon intensity</b>	tCO2e / EUR million revenue	40	99%	200	100%	-80%
<b>Carbon Risk Rating (Sustainalytics)</b>	Scale of 0-100	5	98%	10	99%	-

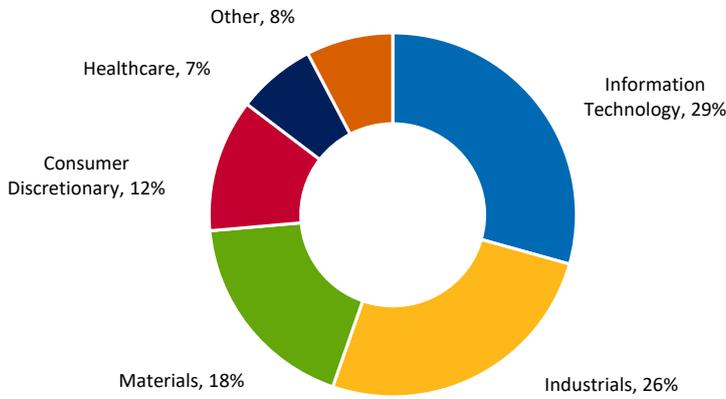
Scope 3 emissions						
Metric	Unit	Portfolio	Portfolio Coverage	Benchmark	Benchmark Coverage	Delta
<b>Total emissions</b>	tCO2e	100,000	95%	500,000	99%	-80%
<b>Economic emissions intensity</b>	tCO2e / EUR million invested	80	95%	400	99%	-80%
<b>Weighted average carbon intensity</b>	tCO2e / EUR million revenue	160	97%	800	98%	-80%

Source: Aegon IM. Values as of end of reporting period. Climate metrics calculated in line with Partnership for Carbon Accounting Financials (PCAF) and Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. Investment Intensity and weighted average carbon intensity values have been adjusted to account for variance in coverage. Climate change data availability may change over time and characteristics will vary. Certain information ©2022 MSCI ESG Research L.L.C., Sustainalytics and Bloomberg Finance L.P. Reproduced with permission. Not for further distribution.

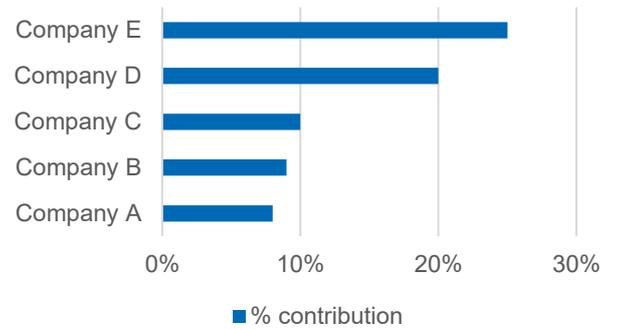
## Emissions intensity over time



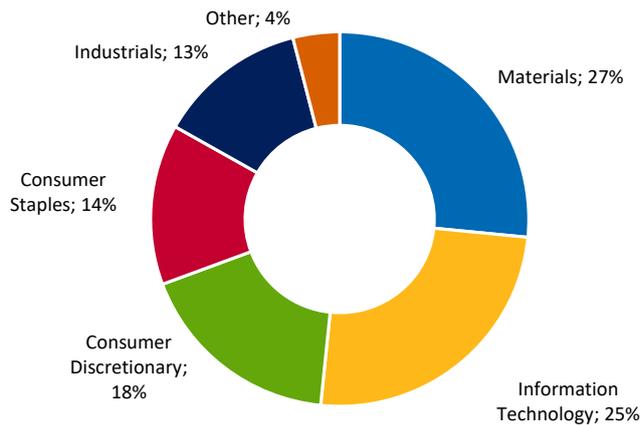
**Weighted Average Carbon Intensity: by Sector**



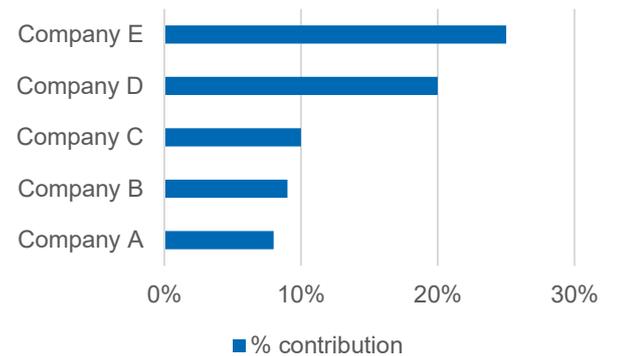
**Weighted Average Carbon Intensity: by Issuer (Top 10)**



**Financed Carbon Emissions: by Sector**

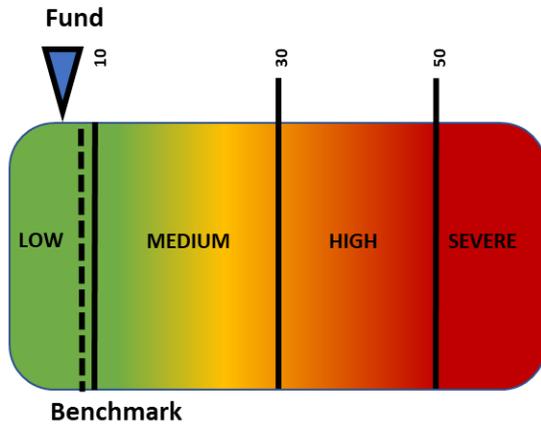


**Financed Carbon Emissions: by Issuer (Top 10)**

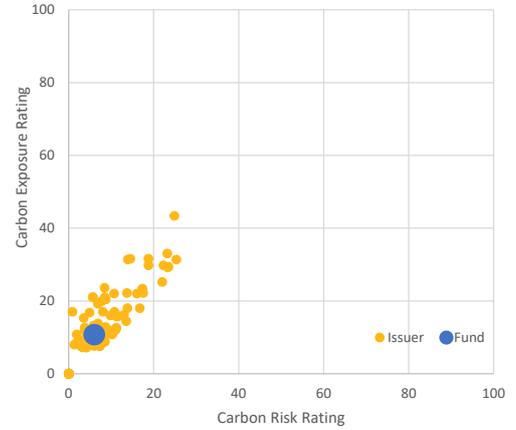


Source: Aegon IM. Values as of end of reporting period. Top ten corporate issues by weighted average carbon investment intensity and portfolio weight. Climate metrics calculated in line with Partnership for Carbon Accounting Financials (PCAF) and Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. Certain information ©2022 MSCI ESG Research L.L.C. and Sustainalytics. Reproduced with permission. Not for further distribution.

Sustainalytics carbon risk rating



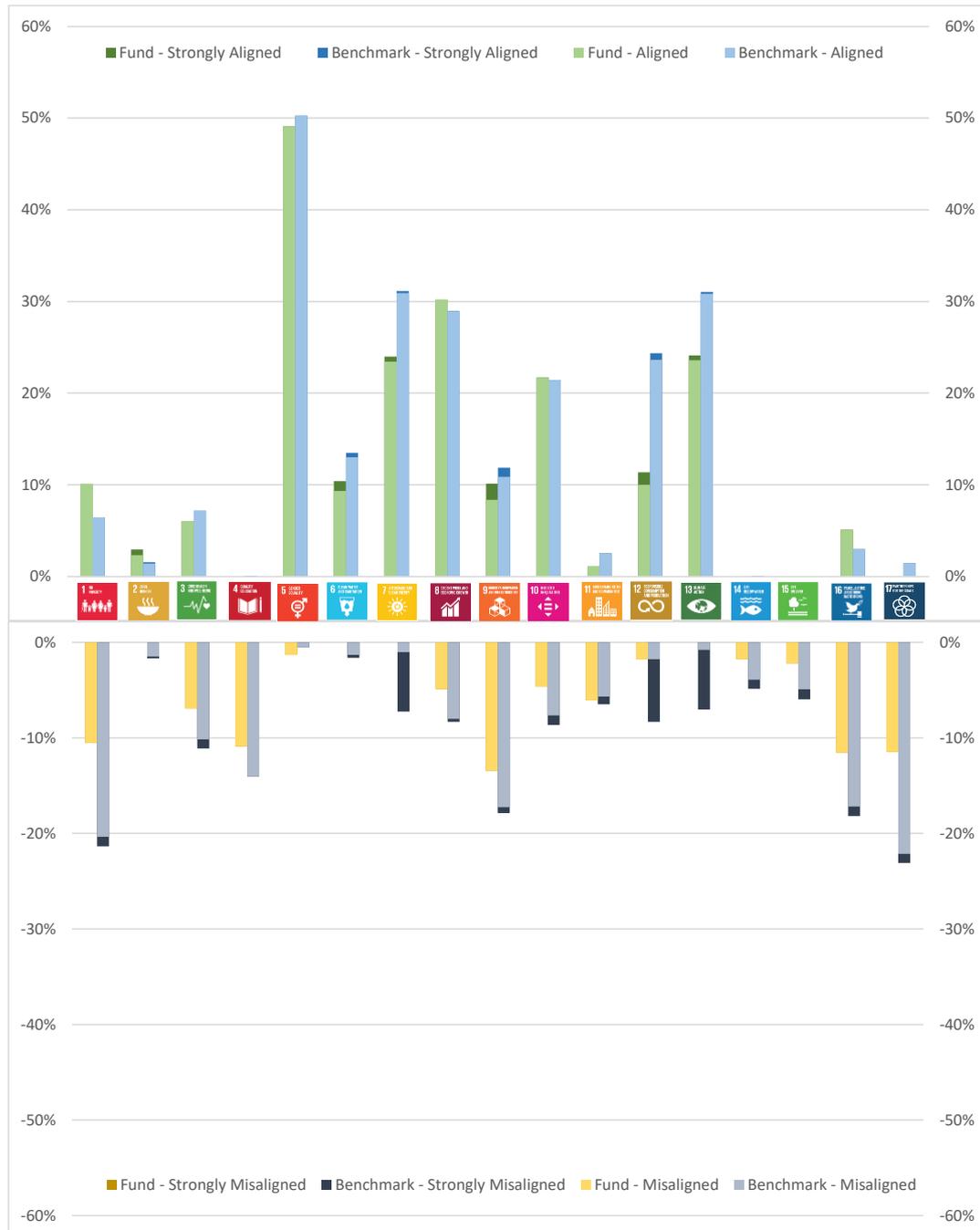
Carbon risk rating distribution



Source: Sustainalytics. Values as of end of reporting period. Carbon Risk Rating is based on a scale of 0-100 where: 0-10 is Low Risk; 10-30 is Medium Risk; 30-50 is High Risk; 50-100 is Severe Risk. Certain information ©2022 Sustainalytics. Reproduced with permission. Not for further distribution.

### Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) provide a framework for the world to identify, manage and report progress against key issues that will need to be addressed if the global population and the planet are to reach a sustainable and equitable state. By measuring and reporting the overall alignment (or misalignment) of a portfolio, it is possible to understand the relative degree of positive contribution potential of investments.



Source: MSCI. Based on portfolio weight. Values as of end of reporting period. Certain information ©2022 MSCI ESG Research L.L.C. Reproduced with permission. Not further distribution.

## Exclusions

We utilize negative screening to avoid certain sectors, companies or practices based on specific criteria. Investments in companies that are involved in controversial activities such as producing tobacco or manufacturing nuclear weapons are excluded, as well as companies that repeatedly violate globally accepted standards of behaviour.

Product-based	
 Controversial weapons	 Coal extraction
 Tobacco	 Oil sands extraction
 Coal power generation	 Palm oil production
 Non-certified timber	
Conduct-based	
 Global norms (e.g. UN Global Compact)	
Human rights	
 Russian and Belarusian companies	

## Disclosures

**For Professional Investors only and not to be distributed to or relied upon by retail clients.**

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.

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