Responsible Investment Framework

For institutional and professional investor use only
# Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Investment Defined</td>
<td>3</td>
</tr>
<tr>
<td>Guiding Principles</td>
<td>3</td>
</tr>
<tr>
<td>Responsible Investment Approach: Three Key Pillars</td>
<td>4</td>
</tr>
<tr>
<td>ESG Integration</td>
<td>4</td>
</tr>
<tr>
<td>Active Ownership</td>
<td>5</td>
</tr>
<tr>
<td>Responsible Investment Solutions</td>
<td>6</td>
</tr>
<tr>
<td>Our Commitment to Responsible Investment in Practice</td>
<td>7</td>
</tr>
</tbody>
</table>
At Aegon Asset Management (Aegon AM), we are active, engaged and responsible investors. 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.

This document sets forth our Responsible Investment Framework, including our practices and approaches to investing responsibly as well as the principles that guide them. The framework is applicable across many asset classes and regions as we strive to achieve consistency across our business.

**Responsible Investment Defined**
Responsible investment (RI) is an umbrella term that covers various tools and approaches to incorporating environmental, social and governance (ESG) considerations into investment decision-making processes. RI may include ESG integration and active ownership as well as dedicated RI solutions more focused on ESG practices and performance. Related terms may include sustainable or ESG investing.

**Guiding Principles**

**Responsible investing can align with clients’ interests**
We believe it is our responsibility to consider all potential risks and opportunities. With a focus on long-term results, we use RI practices such as ESG integration and active ownership to support a holistic understanding of the investments we make on behalf of our clients.

**Responsible investing can contribute to long-term value**
We believe investing responsibly creates opportunities to add value for our clients. A growing body of academic research demonstrates that good ESG practices can enhance corporate financial performance in the long-term. This value can manifest itself in the form of lower cost of and access to capital, better operational performance, reduced reputational risks and in turn, potentially superior long-term returns.

**Environmental and social risks are investment risks**
Exogenous risks, such as natural disasters and pandemics, can disrupt industries and threaten business models. Failure to effectively manage such risks can lead to a range of financial, legal and reputational consequences for the issuer. A company’s ability to mitigate such risks can have a profound effect on their ability to create and sustain long-term value.

**Integrating ESG factors can help uncover opportunities**
We believe integrating ESG factors into investment decisions can lead to better investment outcomes as we seek to maximize long-term performance. We find that it is quite challenging to analyze future profitability without considering ESG factors. By focusing solely on financial metrics, we may inadvertently overlook opportunities to generate value.

**Active ownership is a key aspect of active management**
Our stewardship ambitions extend beyond today’s investment opportunity. By spearheading engagement efforts and exercising shareholder voting rights, we focus on using our voice and actions to help effect positive change. We cannot change the world on our own, so we work to collaborate with other investors and stakeholders to engage where possible.
Responsible Investment Framework

Responsible Investment Approach: Three Key Pillars

Our RI approach consists of three pillars: ESG integration, active ownership and solutions.

<table>
<thead>
<tr>
<th>ESG Integration</th>
<th>Incorporating financially material ESG factors into the investment decision-making process to help mitigate risk and uncover opportunities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Ownership</td>
<td>Addressing ESG issues by actively engaging with issuers and investee companies and exercising shareholder rights.</td>
</tr>
<tr>
<td>Solutions</td>
<td>Providing RI strategies that go beyond ESG integration and active ownership, ranging from simple exclusions to best-in-class, sustainability-themed and impact investments.</td>
</tr>
</tbody>
</table>

ESG Integration

ESG factors are systematically integrated into our bottom-up research process for corporate fixed income and equity issuers. We are working to expand the reach of our ESG integration practices to other asset classes, such as sovereign and securitized issues. We aim to develop our own holistic house view of issuers’ ESG profiles. By integrating ESG considerations with economic factors, and drawing from specialized ESG research sources, the research teams seek to identify financially material ESG factors and arrive at an independent, comprehensive view of the investment.

Financial materiality is key

We view ESG analysis as a risk management tool and a potential alpha source. By integrating ESG factors into the traditional financial analysis framework, we can form a more comprehensive view of the investment and better evaluate future performance potential. The key is to identify financially material factors which could affect the company’s long-term growth potential, profitability or creditworthiness, and to access if they are appropriately priced.

Debunking common ESG myths

The ESG integration process is focused on managing financial risks and identifying opportunities by including additional information in investment analysis to help inform our decision making. ESG integration does not necessarily seek to make ethical, sustainability or responsible value judgements, and imposes no ESG-related restrictions on the investment universe.

Three key benefits of ESG integration

1. Deepens our knowledge
   Uncovering additional risks and opportunities and giving us a more comprehensive view of the investment.

2. Strengthens our conviction
   By giving us more information about the investments we consider.

3. Promotes a long-term focus
   Clearing the short-term noise around one issuer to focus on long-term and fundamental trends.
Examples of ESG factors we may consider, depending on their materiality to the issuer’s key activities and operational practices:

<table>
<thead>
<tr>
<th>Environmental</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change &amp; greenhouse gas emissions</td>
<td>Human rights &amp; labor standards</td>
<td>Board independence</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>Product safety and liability</td>
<td>Board diversity</td>
</tr>
<tr>
<td>Waste &amp; pollution</td>
<td>Workplace safety</td>
<td>Anti-corruption policies</td>
</tr>
<tr>
<td>Water use &amp; conservation</td>
<td>Workplace benefits</td>
<td>Shareholder rights</td>
</tr>
<tr>
<td>Deforestation</td>
<td>Employee relations</td>
<td>Compensation structures</td>
</tr>
<tr>
<td>Natural resource use</td>
<td>Diversity/inclusion policies</td>
<td>Corporate political contributions</td>
</tr>
</tbody>
</table>

Active Ownership

By spearheading engagement efforts and exercising shareholder voting rights, we use our voice and actions to try to effect positive change.

Active ownership defined
The practice of engaging in a dialogue with issuers on responsible investing topics and exercising voting rights to advocate for change.

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 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 and advocate for changes that align with responsible investment standards. Successful engagement can create new investment opportunities.

Reasons for engagement
- Exercise our stewardship responsibilities
- Better understand the companies we invest in and support their long-term financial performance
- Monitor, manage and work to mitigate investment risk
- Fulfill client expectations with respect to their policies and standards
- Attempt to maximize positive ESG outcomes

Further details of our approach are outlined in our Active Ownership Policy.
Responsible Investment Solutions

At Aegon AM we segment RI solutions into four primary categories: exclusions, best-in-class, sustainability-themed and impact investments. These serve as building blocks that can be combined to create customized client solutions.

<table>
<thead>
<tr>
<th>Exclusions</th>
<th>Best-in-class</th>
<th>Sustainability-themed</th>
<th>Impact investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative screening</td>
<td>Positive screening</td>
<td>Positive screening and thematic investing</td>
<td>Thematic investing</td>
</tr>
<tr>
<td>Utilize negative screening to avoid certain sectors, companies or practices based on specific ESG criteria</td>
<td>Seek to outperform by emphasizing positive selection of issuers with better or improving ESG practices</td>
<td>Focus on issuers whose activities or practices are aligned with sustainability themes in an effort to generate competitive returns over the long term</td>
<td>Pursue financial returns alongside measurable positive social and/or environmental impact</td>
</tr>
</tbody>
</table>

Exclusions
Aegon AM offers exclusionary screening according to legal requirements and client preferences. Several of our clients do not invest in certain sectors or companies whose activities are considered incompatible with their values. Notably our affiliated clients require ESG-related exclusions in the management of their proprietary assets. As such, over half of the assets we manage are subject to customized exclusion lists mandated by several different clients.

Best-in-class Solutions
The growing shift by companies to adopt sustainable business practices presents interesting investment opportunities. Aegon AM acknowledges the importance of being innovative and progressive in its approach to RI by developing new proprietary methodologies to address these opportunities. Best-in-class strategies are usually based on research undertaken as part of our ESG integration process. It focuses on mitigating ESG-related risk through the positive selection of issuers applying better or improving operational sustainability practices relative to their peers.

Sustainability-themed Solutions
A secular shift toward sustainability is underway, bringing with it an evolution of sustainability-themed products and services. The growing movement of companies to provide solutions to key sustainability challenges also presents compelling investment opportunities. We believe portfolios aligned with long-term sustainability themes may generate better returns while contributing to a more sustainable world.

We set up our sustainability-themed strategies by selecting a set of investment opportunities contributing to one or more sustainability challenges or trends. Our dedicated RI team takes a leading role in the development of their methodology and in determination of their investment universe. The processes for these activities vary according to asset class, but usually involve a committee or discussion group chaired by an RI team member to help ensure consistency and credibility of the strategy’s sustainability proposition.
Impact Investing Solutions
We develop impact investment strategies not only to align investments with sustainability goals, but also to use capital to help drive environmental and social impact. Our approach to impact investment typically builds on two key characteristics: ex-ante intentionality, whereby we outline the intended positive environmental or social impact as part of the investment decision-making process; and ex-post measurement, whereby we monitor progress, measure and report impact after the investment is made.

Our Commitment to Responsible Investment in Practice
A dedicated global Responsible Investment team serves as a company-wide resource to support our RI practices. Team members lend their expertise to ESG integration initiatives, conduct and validate ESG research for certain RI solutions, contribute to product development and lead active ownership activities. Furthermore, our RI specialists serve a central resource for responsible investment education, best practices and research.

Furthermore, we have taken several organizational steps to support our commitment, including:

- Ensuring our investment teams have access to high quality, broad coverage, specialist ESG data services. Given the diversity of research methodologies on the market, we aim to maintain access to different views to inform our own in-house assessments;
- Providing our staff access to appropriate RI and ESG training for their specific function, encouraging personal development and a corporate culture conducive to best RI practices;
- Supporting investment and academic research to further develop our approach to RI and for the benefit of the investment industry more broadly;
- Collaborating with other investors, industry associations, regulators and stakeholders where possible to exchange best practice, create market standards, develop new solutions and shape RI regulation;
- Maintaining the transparency with respect to our RI activities through external reporting.
Disclosures

This material is provided by Aegon Asset Management (Aegon AM) as general information and is intended exclusively for institutional and wholesale investors, as well as professional clients (as defined by local laws and regulation) and other Aegon AM stakeholders.

This document is for informational purposes only in connection with the marketing and advertising of products and services, and is not investment research, advice or a recommendation. It has not been prepared in accordance with any legal requirements designed to promote the independence of investment research. Such research and information may or may not be independent, and may have been acted upon by Aegon AM or its representatives for their own purposes. The research and information contained is not directed at any specific investor and does not take into account any investor’s investment objectives, particular needs, or financial situation. Any opinions, estimates, or forecasts expressed are the current views of the author(s) at the time of publication and are subject to change without notice. The research taken into account in this document may or may not have been used for or be consistent with all Aegon Asset Management investment strategies. This document does not constitute an offer to sell or a solicitation to buy any investment nor shall any offer of products or services be made to any person in any jurisdiction where unlawful or unauthorized. References to securities, asset classes and financial markets are included for illustrative purposes only and should not be relied upon to assist or inform investment decisions.

The information contained in this material does not consider 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. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to any particular investor. Reliance upon information in this material is at the sole discretion of the recipient. Investors should consult their investment professional prior to making an investment decision. Aegon Asset Management is under no obligation, expressed or implied, to update the information contained herein. Neither Aegon Asset Management nor any of its affiliated entities are undertaking to provide impartial investment advice or give advice in a fiduciary capacity for purposes of any applicable US federal or state law or regulation. By receiving this communication, you agree with the intended purpose described above.

Past performance is not a guide to future performance. 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 judgment exercised, by any company of Aegon Asset Management will reflect the beliefs or values of any particular investor. Information regarding responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and Aegon Asset Management is dependent on such information to evaluate a company’s commitment to, or implementation of, responsible practices. Responsible norms differ by region. There is no assurance that the responsible investing strategy and techniques employed will be successful.

This document contains "forward-looking statements" which are based on Aegon AM’s beliefs, as well as on a number of assumptions concerning future events, based on information currently available. These statements involve certain risks, uncertainties and assumptions which are difficult to predict. Consequently, such statements cannot be guarantees of future performance, and actual outcomes and returns may differ materially from statements set forth herein.

The following Aegon affiliates are collectively referred to herein as Aegon Asset Management: Aegon USA Investment Management, LLC (Aegon AM US), Aegon USA Realty Advisors, LLC (Aegon RA), Kames Capital plc (Kames), and Aegon Investment Management B.V. (Aegon AM NL). Each of these Aegon Asset Management entities is a wholly owned subsidiary of Aegon N.V.

Kames Capital plc is authorised and regulated by the Financial Conduct Authority (FRN: 144267) and is additionally a registered investment adviser with the United States (US) Securities and Exchange Commission (SEC). Aegon AM US and Aegon RA are both US SEC registered investment advisors. Aegon AM US is also registered as a Commodity Trading Advisor (DTA) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). Aegon AM NL is registered with the Netherlands Authority for the Financial Markets as a licensed fund management company and on the basis of its fund management license is also authorized to provide individual portfolio management and advisory services in certain jurisdictions. Aegon AM NL has also entered into a participating affiliate arrangement with Aegon AM US. ©2020 Aegon Asset Management or its affiliates. All rights reserved.