

## Engagement Policy

Responsible Investment is an integral part of Aegon Asset Management's (AAM) investment approach. Part of this approach is active ownership which encompasses stewardship, as explained below. We actively seek to work with the companies and relevant stakeholders in which we invest to address complex environmental, social and governance challenges that are in line with the interests of our clients. This policy describes how AAM implements engagement on behalf of its clients generally but may be varied upon instruction from the asset owners that grant AAM the mandate to invest on their behalf. This policy is also part of a framework of other relevant principles and policies including: AAM's responsible investment policy; AAM's voting policy; quarterly voting reports and AAM's conflicts of interest policy which all interact to guide and explain the implementation of AAM's engagement with investee companies.

## Stewardship

AAM believes good stewardship is an essential part of its responsibility as a provider of capital to investee companies on behalf its clients. The stewardship elements of this engagement policy are aimed at enhancing long-term value creation by its investee companies and consequently to the long-term risk-adjusted returns on the investments of our clients.

Our stewardship consists of four key pillars: screening, engagement, voting, and shareholder litigation.

This policy describes how AAM implements stewardship for investee companies. The scope of its stewardship activities extends to its investments in all corporate entities, including equities, fixed income instruments, both listed and non-listed. Stewardship actions and outcomes under this policy are in line with commitments under the Dutch Stewardship Code and the Shareholders Rights Directive.

## Monitoring on material issues

AAM interacts with investee companies and external asset managers, where so appointed, in order to monitor investee companies on material issues, including the company's strategy, business model, capital structure, corporate governance as well as on its social and environmental impacts. Material issues are those matters that are likely to significantly affect the company's ability to create long-term value.

## Screening and standards

At AAM, we expect companies to adhere to the Global Compact Principles of the United Nations, the United Nations Guiding Principles on Business and Human Rights, and follow the OECD Guidelines for Multinational Enterprises. These principles set standards on company behaviour relating to labour conditions, human rights anti-corruption and the environment. To this aim, portfolios are screened independently utilizing the screening tools offered by our ESG research providers. In case of serious violations of the principles, we will raise our concerns and engage with company management to seek explanation and improvements.

## Engagement

We believe that actively engaging with companies to improve sustainability performance and corporate behavior is more effective than excluding companies from our investment universe. When a company does not meet our minimum standards, we enter into a dialogue with company management. During this engagement process, we share our concerns or the ESG risks that we identified for the company and make suggestions for improvement.

There are three components of AAM's engagement program. First we engage with companies that do not comply to our standards. We use our influence as an investor to encourage these companies to meet social and environmental and governance norms. These expectations are set out in our Responsible Investment Policy (RI). Secondly we engage when we believe financial risks arising from sustainability issues can materialize with companies that have been assessed by our investment teams. The third type of engagements follow a thematic approach. These engagements focus on our strategic business priorities and include critical subjects such as climate change.

After the engagement, we closely follow the progress made by the company. We will report on these activities on a regular basis to our clients.

AAM is prepared to take action in case issues remain unresolved, where appropriate. Progress on engagements is monitored and the outcomes are discussed internally. If our goals are not sufficiently met, or the progress and cooperation does not meet our expectations, the appropriate Responsible Investment Committee will decide on next steps. Divestment and exclusion are options we consider.

## Cooperation and collaboration

AAM seeks to strengthen its capacity and investor voice in engagement by actively participating in collaborative external platforms such as the Principles for Responsible Investment, Institutional Investors Group on Climate Change, Eumedion, ShareAction, FAIRR and others.

These activities will be primarily driven by the engagement specialists of AAM. Furthermore we are prepared to engage with relevant stakeholders of listed investee companies, where appropriate, and consider that our public reporting on engagement activities is a part of this communication.

## Shareholder rights and voting

AAM aims to ensure that voting rights are exercised in an informed manner. Its voting policy is aimed at enhancing long-term value creation and promotes sustainability policies, disclosure and performance by investee companies. On a quarterly basis, AAM publishes on its website how it has voted at shareholder meetings of investee companies. For the implementation of the voting, AAM employs ISS, a global voting advice agency. AAM will report annually on its voting behaviour at general meetings of Dutch listed investee companies with an explanation of the most significant votes and will monitor the activities of proxy voters acting on its and its asset owning clients' behalf. Reporting on voting behavior at general meetings of non-Dutch listed companies will be on a case by case basis taking into account factors including the size of the holding and the issues covered by the resolutions.

Where AAM exercises its right to submit a request for convening an extraordinary general meeting or for tabling a shareholder resolution at a general meeting of an investee company, we will consult the company's board prior to exercising this right. AAM will be present or be represented on these meetings in order to explain this resolution and, if necessary, answer questions. Also, in the event that AAM casts a vote against or withholds a vote on a management proposal, AAM is prepared to explain the reasons for this voting behavior to the company's board either pro-actively or at the request of the company.

In the event that Dutch listed shares are subject to stocklending with third parties, best efforts will be made to recall those shares before the voting record date for a general meeting of a Dutch listed investee company, if the agenda for that general meeting contains one or more significant matters.

## Conflict of interests

To avoid the likelihood of conflicts of interests, AAM will not vote on Aegon NV shares. AAM also refrains from voting if short positions in a company's stock exceed long positions. A potential conflict of interest may also arise if AAM is in the position of voting as an equity investor where it also invests in the same company's debt or if the company is also a client of AAM. AAM's conflicts of interest policy aims to manage both existing and potential conflicts of interest with the objective of minimizing conflicts that arise by aligning our interest with the interests of our customers. All staff are required to comply with this policy.

Updated June, 2019