European SRI Transparency Code

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: www.eurosif.org. The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif on February 19, 2018.

REVISION OF THE CODE

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

TWO KEY MOTIVATIONS UNDERPIN THIS CODE

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

GUIDING PRINCIPLE

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

COMMITMENTS BY SIGNATORIES

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;

- Signatories are solely responsible for the answers to the questions, and should state this in their response.

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Aegon AM. We have been involved in SRI since 17/04/1989, when we launched our first ESG focused equity fund, and we welcome the European SRI Transparency Code.
This is our fourth statement of commitment and covers the period 30 June 2022 to 1 July 2023. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

Aegon AM is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Aegon AM meets the full recommendations of the European SRI Transparency Code.

Eurosif classification of Sustainable and Responsible Investment[1] strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

Exclusion of Holdings from Investment Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire

1 Sustainable and responsible investment (”SRI”) is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

Impact Investing: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances[2]. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires*.

Contents

1. *List of funds covered by the Code*

Name of the fund(s): Aegon Global Sustainable Equity Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	**Asset class**	**Exclusions standards and norms**	**Fund capital as at 31 December**	**Other labels**	**Links to relevant documents**
☐Best-in-Class Investment section ☐ Engagement & Voting ☐ ESG Integration ☒ Exclusions ☐ Impact Investing ☐ Norms-Based Screening ☐ Leading to exclusions ☐ Leading to risk management analysis/engagement ☒ Sustainability Themed	**Passively managed** ☐Passive investing – core benchmark: specify the index tracking ☐Passive investing – ESG/SRI benchmark: specify the index tracking **Actively managed** ☐ Shares in a euro area country ☐ Shares in an EU country ☒ International shares ☐Bonds and other debt securities denominated in euro ☐ International bonds and other debt securities ☐Monetary assets ☐ Short-term monetary assets ☐ Structured funds	☒ Controversial weapons ☐ Alcohol ☒ Tobacco ☒ Arms ☒ Nuclear power ☒ Human rights ☒ Labour rights ☒ Gambling ☒ Pornography ☒ Animal testing ☐ Conflict minerals ☐ Biodiversity ☐ Deforestation ☐ CO2 intensive (including coal) ☒ Genetic engineering ☐ Other (please specify) ☒ Global Compact ☐ OECD Guidelines for MNCs ☒ ILO Conventions	EUR 130 million	☐ French SRI label ☐ French TEEC label ☐ French CIES label ☐ Luxflag Label ☐ FNG Label ☐ Austrian Ecolabel ☐ Other (please specify)	KIID – See document centre on website (link below) - Prospectus See document centre on website (link below) -Management report Interim report for the fund range to 30 April 2020 See document centre on website (link below) -Financial and non-financial reporting Monthly performance bulletin for fund range attached. Also attached is the Impact Investing Report for the fund. See document centre on website (link below) -Corporate presentations Latest fund presentation attached - Other (please specify) Documents can be found at: www.aegonam.com/en/documents

		☐ Other (please specify)			

2. *General information about the fund management company*

2.1. Name of the fund management company that manages the applicant fund(s)

Aegon AM
3 Lochside Crescent
Edinburgh
EH12 9SA
Tel: 0800 169 0101
http://www.aegonam.com/

Contact person:
(Farrakh Ashraf (farrakh.ashraf@aegonam.com)
(Iain Snedden (iain.snedden@aegonam.com)

2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Aegon AM is a leader in integrating environmental, social and governance factors into investment decision-making. We have been a signatory to the Principles for Responsible Investment (PRI) since 2008. In its most recent survey of signatories, published in 2020, the PRI rated Aegon AM an A+ for our strategy and governance of responsible investment activities. This was the sixth consecutive year in which we have received the highest possible rating.

We launched our first Ethical Equity Fund in 1989. Since then, we have broadened our responsible investment capabilities to include ethical corporate bond, cautious managed and sustainable equity funds. Today we are distinctive among fund providers in offering such a broad suite of responsible investment product. In addition to these dedicated strategies, ESG is integrated into the bottom up analysis for all of our equity and fixed income strategies.

We maintain an extensive section on our website dedicate to our responsible investment strategies and overall approach to sustainability as a business:

http://www.aegonam.com/en/responsible-investing/

2.3. How does the company formalise its sustainable investment process?

Our Responsible Investment Policy can be found at: http://www.aegonam.com/globalassets/aam/responsible-investment/documents/aegon-am-responsible-investment-framework.pdf

It contains sections setting out our voting and engagement policies. We vote on all UK stocks we hold and on all international stocks where we hold more than 0.1% of the company's outstanding share capital.

2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?[3]

At Aegon AM we embrace sustainability as a corporate objective and it is central to our strategy and culture. This ensures that we aspire to meet the same standards for our own business as we demand of the companies in which we invest.

As active investors we believe it is our responsibility to encourage companies to maximise investment returns through good governance, including respect for society and the environment. As a significant shareholder in many companies, we are well-placed to actively promote best-practice in ESG matters.

We seek to run a sustainable business by promoting a culture of sustainability within Aegon AM and across all our stakeholders and by seeking continuous improvement in the responsible management of resources, including energy, materials, waste and arising greenhouse gas emissions.

Being a sustainable business brings important benefits. It:

- Promotes a culture of efficiency, which enables us to control costs and deliver greater value for clients and other stakeholders. This helps to make Aegon AM a stronger and more profitable business.
- Helps us to attract, motivate and retain high-calibre employees.
- Enables us to identify and manage environmental, social and governance risks and opportunities.
- Ensures that we aspire to meet the same standards for our own business as we demand of the companies in which we invest.

Over the past few years, Aegon Asset Management has made significant steps in refining our climate change strategy, governance and approach to risk and opportunity measurement and implementation. Within our own organization, some of those commitments include:

- Energy efficient buildings, mainly using building automation and energy controls.
- Carbon-neutral operations using a hierarchal approach
- Seek to reduce activities with a carbon footprint, namely fossil fuel consumption and air travel
- Look to substitute remaining activities with low-emission alternatives
- Offset any residual emissions.
- Promoting green spaces (beehives located near our UK office in Edinburgh)
- Waste reduction/recycling

[3] Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

• Aegon signed the Paris Pledge for Action, affirming its commitment to the ambition set out by the Paris Agreement to limit global temperature rise to less than 2 degrees Celsius.
• Supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2017 and report in accordance with the TCFD's reporting framework (included in NV's IAR 2020). For that, Aegon follows the TCFD's four-pillar framework for its own reporting and encourages the wider adoption of the framework by its investee companies and other partners.

Aegon measures and reports annually on its operational carbon footprint. Our main operations in the United States, the Netherlands and the United Kingdom have been carbon-neutral since 2016 by reducing their facility-level emissions and supporting offset projects in cooperation with the non-governmental organization (NGO) ClimateCare. In 2019, we extended the scope of our offsetting to cover all of our wholly owned operations.

Sustainability risks and opportunities, including climate change are also considered as part of our investment strategies. Evidence has shown ESG factors have a clear impact on financial performance and each asset class platform within the business has its own framework for integrating ESG factors into its investment process in a way that reflects the nuances and requirements of each asset class. Aegon Asset Management also has a 18 person Global Responsible Investment team, which works closely with our investment teams to provide knowledge and expertise on ESG factors as part of the research process. The Responsible Investment team has recently been increased in size, demonstrating the importance that we attach to ESG integration across our business.

2.5. <u>How many employees are directly involved in the company's sustainable investment activity?</u>

We are passionate advocates for sustainability and the close interaction between our fund managers and Responsible Investment team is particularly important. Accordingly, the strategy is supported by Aegon Asset Management's 18-strong Responsible Investment team.

2.6. <u>Is the company involved in any RI initiatives?</u>

General Initiatives	**Environmental/Climate Initiatives**	**Social Initiatives**	**Governance Initiatives**
☐ ECCR – Ecumenical Council for Corporate Responsibility ☐ EFAMA RI WG	☒ CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) ☐ Climate Bond Initiative	☐ Access to Medicine Foundation ☐ Access to Nutrition Foundation	☐ ICGN – International Corporate Governance Network ☒ Other (please specify)

☐ European Commission's High-Level Expert Group on Sustainable Finance ☐ ICCR – Interfaith Center on Corporate Responsibility ☐ National Asset Manager Association (RI Group) ☒ PRI - Principles For Responsible Investment ☒ SIFs - Sustainable Investment Fora ☒ Other (please specify) Global Real Estate Sustainability Benchmark (GRESB)	☐ Green Bond Principles ☒ IIGCC – Institutional Investors Group on Climate Change ☐ Montreal Carbon pledge ☐ Paris Pledge for Action ☐ Portfolio Decarbonization Coalition ☒ Other (please specify) Extractives Industries Transparency Initiatives	☐ Accord on Fire and Building Safety in Bangladesh ☐ Other (please specify)	UK Financial Reporting Council

2.7. What is the total number of SRI assets under the company's management?

We manage €170 billion (as at 31 March 2022) in responsible investments and we aim to be a leader in responsible investment. Details of all of our responsible investment strategies can be found on our website: https://www.aegonam.com/ (note that the strategies that can be viewed on the website will differ depending on where the viewer is located, as not all strategies are registered for sale in all jurisdictions in which we operate).

3. *General information about the SRI fund(s) that come under the scope of the Code*

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

The Aegon Global Sustainable Equity Fund's investment approach seeks to identify companies that can generate alpha from addressing the many and varied sustainability challenges faced by the world today.

Investing sustainably and investing profitably are not mutually exclusive concepts. Thoughtful consideration of material sustainability factors works in adding alpha to a portfolio. What's more, this effect is even more powerful in small/mid-cap stocks and emerging markets – areas that are less well covered by analysts and where there are numerous opportunities to uncover underappreciated and mispriced companies.

Fundamentally, we believe sustainability analysis is a key tool in the investment manager's toolkit and is one that is often overlooked by investors.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Our initial exclusionary screen is constructed in house, using data obtained by numerous third party ratings agencies:

- MSCI ESG: https://www.msci.com/esg-ratings
- ISS Quickscore: https://www.issgovernance.com/esg/ratings/governance-qualityscore/

- Bloomberg ESG: https://www.bloomberg.com/professional/solution/sustainable-finance/?gclid=CjwKCAiAv4n9BRA9EiwA30WND9w7LDeVzVp4Z_QlLXUIPRn9FLKnYMFyPF8JNrzAmTwPGjqgoLwRAxoCF8MQAvD_BwE#scores/?utm_medium=Adwords&utm_campaign=ESG&utm_source=pdsrch&utm_content=esgscores&tactic=342352
- Sustainalytics: https://www.sustainalytics.com/
- Empirical Research: https://www.empirical-research.com/

Whilst we make use of data and reports from these external providers, we believe they have certain limitations, which means a full understanding of a company's sustainability profile can only be built through bottom up internal analysis. Our ESG Research team will carry this research out on each stock considered for investment.

3.3. What ESG criteria are taken into account by the fund(s)?

The fund applies a number of product based exclusion criteria to exclude companies with unsustainable products from the investment universe. These are:
Adult entertainment: Firms which own an adult entertainment company or produce adult entertainment.

Animal testing: Firms that engage in the production or sales of animal tested cosmetics

Gambling: Firms which derive more than 10% of revenue from gambling

Genetic modification: Firms which conduct genetic modification for agricultural policies

Tobacco: Firms which derive more than 10% of revenue from tobacco

Weapons: Firms which produce or sell civilian firearms and firms which manufacture or sell armaments, nuclear weapons or associated strategic products

Nuclear power: Firms which own a nuclear power facility

Fossil fuels: Firms which engage in the extraction of oil, gas or coal

Human Rights: Firms failing to address serious allegations of violations of international standards on human rights including the use of child, forced or bonded labour.

We also use fundamental sustainability analysis for each stock considered for inclusion in the portfolio. This involves a detailed and tailored analysis that focuses on what is most important for that specific company from an ESG perspective. For us, this is key. What is important for, say, a software company in terms of sustainability is likely to be completely different to what is important material for a food retailer. Consequently, we attach varying weights to the individual factors for different industries, which influences a company's overall score. We also compare companies to their global peers, rather than the overall market. Evidence suggests that it is these material factors which have the biggest impact on performance. We use the Sustainable Accounting Standards Board (SASB) materiality map as a starting point to gauge what is likely to be most material for a company in a given industry.

Our seven 'pillars' of sustainability are a good indication of the factors most likely to be material for a company. Each stock is assigned to one of the pillars, which is our way of categorising the specific ESG area that we believe a firm makes the greatest contribution to. For example our holding in Kornit Digital falls under the 'Eco Solutions' pillar. The garment and textile printing industry uses vast amounts of water and energy. Kornit have devised revolutionary 'direct to garment' digital printing machines which completely eradiate the use of water in the garment and textile printing process. They also remove a number of steps used in the traditional process, resulting in much lower energy usage. Clearly, this solution has the potential to have a huge positive impact on the environment.

3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?[4]

Environmental and climate change factors are vital for many companies and three of our sustainability pillars address the environment. These are: Climate Change, Resource Efficiency and Eco Solutions.

A number of the companies we hold in these areas are providing innovative and disruptive solutions to environmental issues across the globe such as EVs and clean power generation.

The direct impact of every company on climate change is different and measuring metrics across a portfolio which includes stocks that are also addressing social challenges like health care issues is only of limited value and such metrics cannot be considered in isolation. That said, we do measure the carbon intensity of the portfolio versus the MSCI ACWI as a guide and the fund significantly outperforms the index in this regard.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

The Aegon Global Sustainable Equity Fund's investment approach is to construct a concentrated, bottom up portfolio of companies that can generate alpha by addressing the many huge sustainability challenges faced by the world today.

Step 1 – Product Exclusions

The fund applies a number of absolute exclusions as follows: tobacco, weapons, nuclear power, gambling, animal welfare, adult entertainment, genetic modification for agricultural purposes, oil, gas and coal extraction and companies which are failing to address serious allegations of human rights violations.

Step 2 – Sustainability analysis

[4] Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697

Following the exclusionary screen, the fund managers will search for investment ideas in the available universe. Once they find ideas that appear suitable from an investment perspective, the independent Responsible Investment team begin fundamental bottom up sustainability analysis on the stock under consideration.

Our sustainability analysis assesses three dimensions:

1. Sustainable product: The nature of the products and services that a company makes (what a company does)
2. Sustainable practices: Its operational practices and standards (how it does it)
3. Sustainable improvement: Improvement over time (we track positive and negative sustainability changes).

We analyse every company on a stock-specific basis, looking at the absolute and relative nuances that apply to it in terms of product, practices and improvement in the context of its region, sector, size and maturity and versus our own absolute standards.

As a result of this analysis, companies are classified into three categories:

Leaders: Companies that meet a large amount of our absolute sustainability criteria and are demonstrably leaders in their sub-sector.

Improvers: Companies where limitations have been identified and the company is showing clear evidence of significant improvements in its sustainability performance.

Laggards: Companies that are either excluded due to a combination of poor product exposure (e.g. tobacco or defence manufacturers), poor sustainability disclosure and performance and/or with little evidence of a desire to improve.

Only companies designated as sustainability 'leaders' or 'improvers' are suitable for inclusion in the portfolio. The rationale for investing in both sustainability leaders and improvers is that empirical evidence suggests that identifying and investing in sustainability improvers is one of the most effective ways of generating alpha by incorporating sustainability data into the investment process. In addition, there are very few 'perfect' solutions out there, so we should not disregard solutions help us some of the way to solving a given sustainability issue, even if they cannot solve the entire issue themselves.

3.6. <u>How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?</u>

Our internal ESG research on individual stocks is updated at least annually but will be updated on a more regular basis if circumstances dictate, such as emerging controversies. Both our internal research and controversy monitoring from third party providers would help alert us to any issues on this front. When conducting reviews, the ESG Research team will assess whether the category (leader, improver or laggard) assigned to a company during the previous review is still appropriate or whether it needs to be changed.

If a stock that was previously categorised as a leader or improver is downgraded to a laggard, it must then be sold out of the fund. Whilst there is no hard deadline for the sale, it must be actioned as soon as practicable, with reference to market conditions and liquidity, as we must seek best execution for clients during the sale process.

4. Investment process

4.1. <u>How are the results of the ESG research integrated into portfolio construction?</u>

As mentioned in 3.5, our internal research categorises each stock proposed for the strategy as a leader, improver or laggard. Only leaders and improvers are eligible for inclusion in the portfolio.

For each stock that we categorise as an improver, we set individual ESG KPIs that we track over time. We require to see progress on these KPIs to justify continuing to classify the stock as an improver. There are instances in the past where our Responsible Investment team have not seen sufficient progress and have downgraded a stock from an improver to a laggard. In these circumstances, the position has been sold from the portfolio, in line with our policy.

Ultimately, we are looking for stocks that have both excellent investment potential and strong sustainability characteristics. It is the combination of these two factors that influence the position size during the portfolio construction process.

4.2. <u>How are the criteria specific to climate change integrated into portfolio construction?</u>

Our exclusionary screen prevents us from investing in many industries where there is a significant negative impact on the environment (e.g. fossil fuel exploration and production). In addition, our bottom up ESG research on each company considered for selection analyses the ESG performance of that company, with a particular focus on those ESG factors that matter most given the company's operations. For a company with a material impact on climate change, this will likely form the focus of our research.

In addition, we are looking for companies that are making positive contribution to sustainability challenges and three of our seven 'sustainability pillars' that summarise the main themes in the portfolio are related to the environment: climate change, eco solutions and resource management. Through these pillars, we are proactively seeking innovative and disruptive companies that are making a positive impact on climate change. For example, we hold positions in a number of companies involved in the production of electric vehicles, their supply chain and related infrastructure. We also hold a position in a manufacturer of digital garment printing machines. These revolutionary machines eliminate the use of water in the textile and garment printing process, which has previously required the use of vast amounts of water. These examples demonstrate the types of positive impact on climate change we look for in our investee companies.

4.3. <u>How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?</u>

N/A – for a stock to be included in the portfolio, it must have been assessed in detail by our ESG Research team in advance and categorised as either a sustainability leader or improver.

4.4. <u>Has the ESG evaluation or investment process changed in the last 12 months?</u>

No.

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

Yes. We have seven 'pillars' of sustainability and categorise each stock in the portfolio under one of the pillars. Three of these pillars relate to social goals – their names and the percentage of the portfolio that falls under each pillar is as follows (as at 31 March 2022): Sustainable Growth (14%), Inclusion (11%) and Health and Wellbeing (37%).

4.6. Does (do) the fund(s) engage in securities lending activities?

No.

4.7. Does (do) the fund(s) use derivative instruments?

The prospectus permits the limited use of derivatives only for the purposes of efficient portfolio management (e.g. to ensure the fund maintains exposure to the market as required by its investment guidelines in the case of receiving a large cash flow). To date, derivatives have never been used by the fund. See prospectus supplement Section 3 - Investment Policies, Financial Derivative Instruments (p5).

4.8. Does (do) the fund(s) invest in mutual funds?

No.

5. ESG controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?[5]

The exclusionary screen is constructed by our Responsible Investment team, who operate independently from the fund managers. The screen is updated each month. In addition, our investment risk function regularly review various aspects of portfolio compliance to ensure all stocks have been covered by the RI team. The overall RI framework is also subject to checks by internal audit to ensure processes and controls are operating effectively and as intended.

6. Impact measures and ESG reporting

6.1. How is the ESG quality of the fund(s) assessed?

Each of our holdings is given a score by our Responsible Investment team for its products (what it does) and practices (how it does it). This provides a combined score for the company that we can use to gauge the fund's overall ESG quality. However, we believe contributions to sustainability are often qualitative as well as quantitative in nature, so believe the real ESG quality of any fund is assessed by looking at the underlying holdings individually and assessing their impact. We seek to do this through our annual Impact Investing report, which is available on our website.

For example, the fund holds a position in Everbridge, a US software firm that specialises in critical emergency mass communications. The firm's innovative software is used to notify

[5] Reference to Article 173 of the French TECV Act

people in a specific area (which can be extremely large) of an emergency, be it natural (e.g. hurricane) or man-made (e.g. terrorist attack). The software can notify people of steps to take to keep themselves safe. Everbridge also offers management platforms for companies and government agencies responding to the events, helping them to effectively coordinate their response. Quantifying exactly the impact of this type of business can be very difficult but its applications have been credited with saving thousands of lives. For example, Everbridge's systems were used to warn people of Cyclone Fani which struck India and Bangladesh in 2019. Sadly, the cyclone claimed 89 lives but when a cyclone of similar magnitude struck the same area 20 years ago, it claimed 10,000 lives. Assessing exactly how much of this reduction was due to the use of Everbridge's systems is impossible but it was certainly a factor in saving countless lives.

In addition, the ESG quality of the fund is also assessed independently by the FNG, who have carried out an audit of the fund and its process.

6.2. What ESG indicators are used by the fund(s)?[6]

As detailed in 3.3, our approach to ESG is based on materiality. We recognise that the key ESG factors facing each company are different and tailor our indicators for each company. At a broad level, we assign each stock we hold into one of our seven sustainability pillars: Climate Change, Eco Solutions, Resource Efficiency, Sustainable Growth, Inclusion, Health and Wellbeing, and Governance.

6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

We are committed to transparency and communicating with our investors, as we believe we have a responsibility to advocate wider adoption of sustainable investing. To that end, we publish a range of documents, including a Sustainable Investment Report on the fund to explain our process and demonstrate the contribution to sustainability that our holdings make. In addition, we publish fortnightly articles on sustainable investing on our blog, the Sustainability Soapbox (http://sustainability-soapbox.com/). We also publish a quarterly newsletter called 'Engage', which covers our Responsible Investing fund range (four funds).

6.4. Does the fund management company publish the results of its voting and engagement policies?[7]

Yes.

Our Proxy Voting Report is published online: https://www.aegonam.com/globalassets/aam/responsible-investment/documents/proxy-voting-report.pdf

[6] Reference to Article 173 of the French TECV Act

[7] Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE