



# CLIMATE TRANSPARENCY REPORT 2020

AEGON Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-D2F0B77F-E711-48C7-BBAB-5E5078C19444/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	AEGON Asset Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2011
<b>Region</b>	Europe
<b>Country</b>	Netherlands
<b>Disclosure of Voluntary Indicators</b>	94% from 38 Voluntary indicators

# AEGON Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 01.6 CC** Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

1. transition risk into our exclusion policy; we've considered the continued relevance of fossil fuels in future transition scenarios and identified thermal coal and oil sands for exclusion so as to reduce our exposure to potentially stranded assets
2. transition opportunities into products: our sustainability themed funds, e.g. GSEF and SFI, seek to benefit from decarbonisation trends though identifying positive market players and green investments

No

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Analysis of risks was done to 2100. Analysis of opportunities is done on a shorter term basis (max 2025-2030).

No

**SG 01.8 CC** Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9 CC** Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Aegon has a Climate Change Working Group (CCWG) which is the primary body responsible for assessing and monitoring climate-related issues within the company (which includes Aegon Asset Management). The CCWG is a working group of the board-level Responsible Business and Investment Committee (RBIC) and is tasked with evaluating new climate developments affecting investment, insurance and our other business activities, and recommending further action when necessary.

The CCWG meets at least quarterly. It is chaired by Aegon Asset Management's Responsible Investment team, and comprises representatives from different functional areas across the company including investment portfolio risk management, operational and underwriting risk management, investment analysis, investor relations and reporting, corporate strategy and sustainability, public affairs and responsible investment.

Climate-related issues assessed as relevant or material by the CCWG are presented to the Responsible Business and Investment Committee through regular reporting as well as to Aegon's Chief Risk Officer and Aegon's Management Board through the quarterly risk management dashboard. The Management Board may then decide on management actions as appropriate.

For investment risk: portfolio managers and analysts incorporate ESG data in investment decisions. This includes climate change-related issues. In addition, we organize occasional sessions on climate-specific topics to raise awareness among portfolio managers and other staff. For example, In July 2019, Aegon's Climate Change Working Group hosted a workshop to provide background on climate change and insight on how a changing climate can be reflected in investments, as well as to discuss our progress and objectives approach as a company. The event took place at the Aegon head office in Den Haag and was made available via webcast to staff located in other offices around the world. External speakers presented on climate scenario analysis (Ortec Finance), climate risks and opportunities in fixed income (Moody's), and company-level transition risk (Sustainalytics).

No

**SG 1.10 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Responsible Investment Report, Aegon NV Annual Integrated Report

We currently do not publish TCFD disclosures

**Governance and human resources**

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

#### Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6**  
**CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Three members of Aegon NV's management board are members of the internal Responsible Business and Investment Committee (RBIC), which provides an integrated view of responsible business and investment across the company; the Climate Change Working Group receives its mandate from the RBIC



**SG 07.7  
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

These roles take one of two forms:

Strategic: integrating climate change considerations into policy, process and procedures; for example, setting the RI policy and exclusions

Operational: integrating climate change considerations into day-to-day activities; for example, climate transition opportunities into sustainability-themed products, climate risk identification as part of fundamental research process

**SG 07.8  
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

## ESG issues in asset allocation

**SG 13**

**Mandatory**

**Public**

**Descriptive**

**PRI 1**

**SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

We worked with Ortec Finance to perform a systematic climate risk-aware assessment of the general account and insurance-linked assets.

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

We avoid the most GHG intensive fossil fuel sub-sectors. We do this by excluding companies substantially involved in thermal coal exploration, mining or refining, or in oil sands extraction or transport.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

**Describe**

The assessment was done with Ortec Finance climate scenarios for systemic climate risk which are based on IPCC RCP 2.6/4.5/8.5 and IEA 'Faster Transition'/'Sustainable Development'/'Current Policies'

- Incorporation into investment analysis

**Describe**

We factor the climate-related risks and opportunities into our investment analysis. We also avoid the most GHG intensive fossil fuel sub-sectors. We do this by excluding companies substantially involved in thermal coal exploration, mining or refining, or in oil sands extraction or transport.

- Inform active ownership

**Describe**

We engage with companies based on the climate-related risks and opportunities we have identified. As part of our climate-related engagement activities we encourage investee companies to measure, manage and reduce their carbon emissions/climate risk and to disclose in line with TCFD recommendations as part of their regular reporting activities

- Other

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

Yes, climate-related risks were measured till 2100

- No

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input checked="" type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

We have a permanent climate change risk working group in place.

- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Sustainalytics Climate Risk Rating and ND-GAIN Country index. Both used publicly.

None of the above

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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<b>Metric Type</b>	<b>Coverage</b>	<b>Purpose</b>	<b>Metric Unit</b>	<b>Metric Methodology</b>
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	understand exposure to carbon intensive activities	tCO2e/EURm revenue	TCFD
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	understand exposure to carbon intensive activities	tCO2e	Platform for Carbon Accounting Financials (PCAF)
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	measure carbon impact of portfolio or fund	tCO2e	Platform for Carbon Accounting Financials (PCAF)
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	measure full carbon impact	tCO2e	Platform for Carbon Accounting Financials (PCAF)
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	understand the intensity of investment and compare across funds/portfolios	tCO2e/EURm invested	PCAF/TCFD
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8  
CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

Please describe

Aside from the work of the Climate Change Working Group, climate risks are generally considered on a case-by-case basis

**SG 14.9  
CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

As part of our climate-related engagement activities we encourage investee companies to measure, manage and reduce their carbon emissions/climate risk and to disclose in line with TCFD recommendations as part of their regular reporting activities

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

**SG 15.2**

Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

5

**SG 15.3**

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1

- Fixed income - Securitised
- Private equity
- Property
- Other (1)
- Other (2)

Brief description and measures of investment

Corporate green bonds and bonds of companies involved in clean tech and renewable energy.

- Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

2



- Fixed income - Securitised
- Private equity
- Property
- Other (1)
- Other (2)

Brief description and measures of investment

Primarily investments in wind parks and solar energy

- Green buildings
- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

0

- Property
- Other (1)
- Other (2)

Brief description and measures of investment

AAM continues to maintain a affiliated client timber equity investment 2019 [(Real Estate Alternative Portfolio (REAP)] with market value that totaled approximately IFRS \$5.3 MM US EOY 2019 and the total EOY 2019 timber acreage is approximately 135,133 acres. As of EOY 2019, 97.5% of the timber holdings associated with the invested capital involved timber holdings that were independently certified as "sustainable" by the Forestry Stewardship Council ("FSC"), Sustainable Forestry Initiative® ("SFI®") or "Other."

- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

0

- Fixed income - Securitised
- Private equity
- Property
- Other (1)
- Other (2)

Brief description and measures of investment

In 2016 we launched our subordinated loan fund to provide finance to SMEs.

- Social enterprise / community investing
- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

1

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

65

- Property
- Other (1)
- Other (2)

Brief description and measures of investment

Our investments in affordable housing in the USA are private equity investments.

- Education
- Global health

Asset class invested

- Listed equity
- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

0.4

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Other (1)
- Other (2)

Brief description and measures of investment

Hospitals, elderly care and other care institutions

- Water
- Other area, specify
- No