



# CLIMATE TRANSPARENCY REPORT

## 2019

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 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-3461CD4A-16B2-4284-8FE7-B954E629A65F/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-3461CD4A-16B2-4284-8FE7-B954E629A65F/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). 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 2019 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 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
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 01.11 CC	✓	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	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 14.4	-	Public				
SG 14.5	-	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>	78% 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

**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.

Yes

**SG 01.2**

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Aegon Asset Management is a significant investor in a large number of industries and companies, and takes its responsibility as a capital provider seriously. AAM aims to contribute broadly to wellbeing and sustainable development through ESG integration, active ownership, impact investing and our commitment to the Principles for Responsible Investment (PRI). We encourage the development of products that have a specific socially responsible investment (SRI) or impact purpose as a way to leverage our expertise in this field and to meet client demand. This policy forms the core of Aegon's responsible investment beliefs and is applicable to operations in all countries where we are active.

Responsible investment (RI) is a key element of Aegon's responsible business strategy. Through the investment decisions that we make we meet the commitments to our customers while contributing to economic growth and sustainable capital markets. Being a responsible company means that we integrate sustainability and responsible business principles into our core business.

Aegon is aligning its responsible business strategy with its core purpose by focusing on the intersection of the key areas of financial security, risk and well-being. Where opportunities arise, this focus will be reflected in our approach to responsible investment.



**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

**ESG integration**

The sustainability performance of companies can impact their ability to create long term value for investors, and therefore we consider ESG integration an important instrument to improve the risk-return profile of the investments we make. At AAM, we structurally integrate ESG factors into our investment decision making process, across all asset classes. The focus is on ESG factors that are material from a financial or risk point of view. It is up to the portfolio managers, analysts and others involved in the investment research and decision-making process to determine what weight these factors should be given. Access to sustainability information is critical. All our analysts and portfolio managers have access to ESG data and are provided with ESG training where required.

**Engagement and stewardship**

To promote the long term success of companies, Aegon acknowledges the importance of investor stewardship. It is in the best interest of our clients that we monitor the companies in which we invest, that we vote on the shares that we hold, and that we engage with companies on issues like strategy, risk and corporate governance. 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 RI standards, we enter into 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. After the engagement, we closely follow the progress made by the company.

**Exclusion**

When companies are involved in certain controversial activities, we may refrain from investment in those companies. For example, we exclude companies from our investment universe when they are involved in controversial weapons (see our controversial weapons policy below). We also exclude tobacco producers, since this is not in line with SDG health and well being. Moreover, in line with the climate action SDG we also exclude companies that are substantially involved in thermal coal and tar sands.

Also, we consider divesting from and excluding companies when our efforts to change company behavior do not make sufficient progress. Aegon recognizes that views on exclusion differ across countries and generally does not apply its exclusion list to assets managed on behalf of our clients, recognizing that the asset owner should have the ultimate decision on these matters. Where possible and where allowed by local rules and regulations, Aegon will engage in dialogue with external clients about the possibility of applying the Aegon exclusion list or other exclusions as determined by the client. Aegon is responsible for setting the exclusion list. Individual Aegon units may add companies, countries or sectors to the list in order to meet local requirements or preferences of individual clients or client groups.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
----------	-----------	--------	-------------	---------

**SG 01.6  
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

Working with Aegon's Operational Risk function, the Climate Change Working Group (CCWG) has identified a number of climate related risks that the business is exposed to: regulatory, strategic, physical, investment, or underwriting risks. Each risk is evaluated on potential financial and reputational impact, as well as its likelihood and timeframe in which it may develop. In the short to medium term:

- Reputational risks: these identified as most likely to emerge, though with modest financial impact.
- We also face risk from significant government action or U-turns in public policy.
- Investments risks: governments may decide to severely restrict certain industries or energy uses in response to natural catastrophes. This risk carries considerable financial impact. We are currently working on more sophisticated assessments and continue to monitor investment risk as it emerges and ensure our investment professionals have the knowledge and ability to address them.

In the long-term:

- Underwriting and physical damage: this could result in significant financial risk for our insurance business.

In terms of business opportunities, we continue to investigate the market for clean energy investments and want to contribute to making these projects investable

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
-----------------------	--

Yes

<b>SG 01.8 CC</b>	Indicate the associated timescales linked to these risks and opportunities.
-----------------------	---

See above for the time scale linked to the risks and opportunities

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
-----------------------	---

Yes

No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
------------------------	---

Yes

No

<b>SG 01.11 CC</b>	Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.
------------------------	---

Climate-related risks and opportunities are first discussed in the Climate Change Working Group (CCWG). If a risk appears material, the CCWG can develop a mitigation plan and present it to the Responsible Investment Strategy Committee.

We are still assessing how climate-related- risks can best be integrated into the organization's overall risk management processes. As a first step, we have included members from Aegon Operational Risk Management and Investment Portfolio Risk Management in the CCWG.

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 material ESG topics to raise awareness among portfolio managers etc, often featuring external expert speakers. These have previously included conference calls with Carbon Tracker, workshops with credit rating agencies, and meetings with sell-side brokers.

<b>SG 1.12 CC</b>	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

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
--------------	------------------	---------------	----------------------	--------------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
----------------	--

- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

	URL
--	-----

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

- Attachment (will be made public)

	Attachment
--	------------

[File 1:responsible-investment-policy.pdf](#)

- Sector specific RI guidelines

	URL/Attachment
--	----------------

- URL

	URL
--	-----

{hyperlink:https://www.aegonassetmanagement.com/netherlands/about/responsible-investment/}

- Attachment (will be made public)

- Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.aegon.com/contentassets/16821f44646a469c8f713ff183cc2513/aegon-responsible-investment-policy-exclusions-list.pdf}

Attachment (will be made public)

Attachment

[File 1:aegon-responsible-investment-policy-exclusions-list\(1\).pdf](#)

Engagement policy

(Proxy) voting policy

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

- Time horizon of your investment

URL/Attachment

- URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

- Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

- Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

- ESG incorporation approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

- Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

- Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.aegonassetmanagement.com/globalassets/asset-management/global/about-us/documents/ri/responsible-investment-policy.pdf}

Attachment

File Attachment

{hyperlink:responsible-investment-policy.pdf [155KB]}

We do not publicly disclose any investment policy components

**Governance and human resources**

<b>SG 07 CC</b>	Voluntary	Public	Descriptive	General
-----------------	-----------	--------	-------------	---------

**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 head of department

- 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

Other role, specify (1)

Other description (1)

Other role, specify (1)

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

**SG 07.8**  
**CC** Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

**ESG issues in asset allocation**

**SG 13**      **Mandatory**      **Public**      **Descriptive**      **PRI 1**

**SG 13.1**      Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

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

Describe

As previously stated, working with Aegon's Operational Risk function, the Climate Working Group has identified a number of climate related risks that the business is exposed to: regulatory, strategic, physical, investment, or underwriting risks. Each risk is evaluated on potential financial and reputational impact, likelihood and timeframe.

- No, not to assess future ESG/climate-related issues

**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 avoid the most GHG intensive fossil fuel companies.
- 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.

**SG 14**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Additional Assessed**

**PRI 1**

**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

<b>SG 14.3</b>	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
- None of the above

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	--	---------------	--------------------	--------------

<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

Yes

<b>SG 15.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	--

	%
--	---

3

<b>SG 15.3</b>	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)

% of AUM

1

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

Brief description and measures of investment

Primarily Investments in wind parks and solar energy, but also corporate green bonds and bonds of companies involved in clean tech and renewable energy.

- Renewable 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

% of AUM

0.1

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

Brief description and measures of investment

AAM continues to maintain a sizeable affiliated client timber equity investment 2018 [(Real Estate Alternative Portfolio (REAP)] with market value that totaled approximately IFRS \$9.3 MM US EOY 2018 and the total EOY 2018 timber acreage is approximately 311,927 acres. As of EOY 2018, 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

	Asset class invested
--	----------------------

- Listed equity

	% of AUM
--	----------

0.2

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

	Brief description and measures of investment
--	--

Investments in microfinance funds.

- SME financing

	Asset class invested
--	----------------------

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

	% of AUM
--	----------

0

- Fixed income - Securitised
- Private equity
- Property
- Cash
- 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

% of AUM

1

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

% of AUM

65

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

Brief description and measures of investment

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

- Education
  - Global health
  - Water
  - Other area, specify
- No