

# Annex IV Defensive

Aegon Levensverzekering N.V.



## ANNEX IV

### Template periodic disclosure of the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment:** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** UBP Defensive

**Legal entity identifier (LEI):** 5493003SPEWN841SWG39

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

**Yes**

It made **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** \_\_\_%

**No**

It **promoted Environmental/Social (E/S) characteristics and**

While it did not have as its objective a sustainable investment, it had a proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

This product promoted environmental and social characteristics by integrating these characteristics in the investment decision-making process and by monitoring a range of environmental and social indicators to identify potential or actual adverse impacts. In addition, this product actively avoided investing in issuers identified as having significant adverse impacts on climate change, biodiversity, inclusion and diversity, health and well-being, and human rights by adhering to the Aegon NL Responsible Investing Policy and the Aegon NL Exclusion List and ASR Exclusion List. No new investments in excluded issuers were made during the reporting period. Existing positions that no longer complied with the Aegon NL Responsible Investing Policy were subsequently added to the exclusion list and were actively managed and unwound during the reporting period.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● *How did the sustainability indicators perform?*

We obtain data to calculate the sustainability indicators from our outsourcing partner, Aegon Asset Management. Our outsourcing partner has obtained this data from a third-party. This report is based on new regulation and not all companies that we have invested in are required to publish the necessary information. The data has been provided by our outsourcing partner on a best effort basis and may not be available for all underlying investments. This means that the figures shown in the table may not provide a complete picture and only reflect part of the underlying investment portfolio. If errors in the underlying data are found or if additional data becomes available in the future, we will endeavor to update prior-year figures in future reporting to ensure accurate comparables are provided.

The actual investments underlying this product depend on the risk profile a client has opted for and the number of years that have passed since retirement, it is not possible to show all possible values in this report. We have therefore opted to make use of illustrative figures in the tables above and throughout this report when providing quantitative information. Illustrative figures for clients that are 5 and 10 years following retirement are shown in the tables above and throughout this report.

Finally, the sustainability indicators disclosed by our outsourcing partner for the funds underlying this product may differ from the sustainability indicators shown by us. This is because the outsourcing partner is free to select which sustainability indicators to report on for their funds.

Sustainability indicators	Metric	Number of years after retirement	
		5	10
<b>Climate change</b>			
1. Exposure to companies that derive 5% or more of their income from coal exploration, mining or refining	Share of investments in companies that derive 5% or more of their income from coal exploration, mining or refining	0.0%	0.0%
2. Exposure to companies that derive 5% or more of their revenues from coal-fired electricity generation	Share of investments in companies that derive 5% or more of their income from coal-fired electricity generation	0.0%	0.0%
3. Exposure to companies that derive 5% or more of their total oil equivalent production from tar sands	Share of investments in companies that derive 5% or more of their total oil equivalent production from tar sands	0.0%	0.0%
4. Exposure to companies that derive 5% or more of their income from oil and gas exploration and production in Arctic sea areas	Share of investments in companies that derive 5% or more of their income from oil and gas exploration and production in Arctic marine areas	0.0%	0.0%
5. Exposure to companies that are pipeline operators and are significantly involved	Share of investments in companies that are pipeline operators and are significantly involved in the transportation of tar sands	0.0%	0.0%
6. Greenhouse Gas Emissions	Total greenhouse gas emissions of investee companies consisting of scope 1 greenhouse gas emissions and scope 2 greenhouse gas emissions	26,311	26,462

Sustainability indicators	Metric	Number of years after retirement	
		5	10
7. Carbon footprint	Carbon footprint of investee companies	503	508
8. GHG intensity of investee companies	GHG intensity of investee companies	774	780
<b>Biodiversity</b>			
9. Exposure to companies that derive 5% or more of their revenues from the production and/or distribution of palm oil	Share of investments in companies that derive 5% or more of their income from the production and/or distribution of palm oil	0.0%	0.0%
10. Exposure to companies that manage forests of which 75% or less are FSC certified	Share of investments in companies that manage forests of which 75% or less are FSC certified	0.0%	0.0%
11. Activities with negative impact on biodiversity-sensitive areas	Share of investments in companies with establishments/activities in or near biodiversity-sensitive areas when the activities of those companies have a negative impact on those areas	0.0%	0.0%
12. Emissions to water	Emissions to water (in tonnes) generated by the investee companies per million EUR of investments, expressed as a weighted average	0	0
13. Share of hazardous waste and radioactive waste	Hazardous waste and radioactive waste produced by the investee companies (in tonnes) per million EUR of investments, expressed as a weighted average	1	1
<b>Inclusion and diversity</b>			
14. Gender diversity of board of directors	Average ratio between the number of female and male members of the board of directors of investee companies	0.16	0.16
	Average unadjusted gender pay gap of investee companies	0.4%	0.4%

Sustainability indicators	Metrics	Number of years after retirement	
		5	10
<b>Health and wellbeing</b>			
15. Exposure to companies that derive 5% or more of their revenue from manufacturing tobacco	Share of investments in companies that derive 5% or more of their income from tobacco production	0.0%	0.0%
<b>Human rights</b>			
16. Countries invested in with violations of social rights	Number of invested countries with violations of social rights (absolute number and relative number divided by all invested countries), as defined by international treaties and agreements, United Nations principles and, where applicable, national law	26	27
17. Violations of the principles of the UN Global Compact or of the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in companies that have been involved in violations of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises	1.2%	1.2%
18. Absence of procedures and compliance mechanisms for monitoring compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	Share of investments in companies without a policy to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without grievance handling arrangements to address violations	14.6%	14.6%
19. Exposure to companies involved in the development, production, maintenance, and trade of: landmines, biological or chemical weapons, cluster munitions, depleted uranium munitions, white phosphorus incendiary weapons, or nuclear weapons systems	Share of investments in companies involved in the development, production, maintenance and trade of: Land mines, biological or chemical weapons, cluster munitions, depleted uranium munitions, white phosphorus incendiary weapons or nuclear weapon systems	0.0%	0.0%
20. Exposure to companies that manufacture or develop key and specific components for controversial weapons, as noted above, or provide essential services for their use.	Exposure to companies that manufacture or develop key and specific components for controversial weapons, as mentioned above, or provide essential services for their use	0.0%	0.0%
21. Exposure to companies involved in arms trade to countries: - for which an arms embargo by the UN Security Council, the United States or the European Union or other relevant multilateral arms embargo; - that are located in a war zone; and/or	Share of investments in countries involved in arms trade to countries subject to UN Security Council, United States or European Union arms embargo or other relevant multilateral arms embargo	0.0%	0.0%
	Share of investments in companies involved in arms trade to countries in a war zone	0.0%	0.0%

Sustainability indicators	Metrics	Number of years after retirement	
		5	10
- that are considered high-risk countries for which the Dutch government applies a 'presumption of refusal' when approving export licences.	Share of investments in companies involved in arms trade to countries that are considered high-risk countries for which the Dutch government applies a 'presumption of refusal' when approving export licenses	0.0%	0.0%
22. Exposure to Russian and Belarusian companies	Share of investments in Russian and Belarusian companies	0.0%	0.0%

- ***... and compared to previous periods?***

The most indicators are in line with last year, there are no notable differences.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The product does not intend to make sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The product does not intend to make sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

This product considers principal adverse impacts (PAIs) where meaningful and where decision-useful data is available. We take account of principal adverse impacts in a number of ways, including:

- Exclusions: The Aegon NL exclusion list is created by screening on certain principal adverse impacts that are connected with themes, such as, human rights and good governance practices. We also make use of principal adverse impacts when deciding upon additional exclusion rules for this product.
- Active ownership: Principal adverse impacts are used to inform our active ownership activities. For example, we use them to help identify potential engagements and to prioritise our engagement efforts. We may also take account of them, where relevant, when determining how to vote at company annual general meetings.

We primarily consider principal adverse impacts by using reporting that we see from our outsourcing partner, Aegon Asset Management, concerning the investments made by this product. Aegon Asset Management produces this reporting using data from third-parties.

Where there is no or limited data available on the PAIs, we will engage with investee companies to disclose accurate and decision-useful data that we can take account of in our investment decisions.



### What were the top investments of this financial product?

The largest investments made by the product depends on the risk profile a client has opted for and the number of years that have passed since retirement. Illustrative figures for clients that are 5 and 10 years following retirement are shown in the following tables.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period.

Largest investments after 5 years	Sector	% of assets	Country
<i>AEGON Diversified Bond Fund</i>	<i>Multi-sector</i>	<i>63.7%</i>	<i>The Netherlands</i>
<i>AEGON Diversified Equity Fund</i>	<i>Multi-sector</i>	<i>30.0%</i>	<i>The Netherlands</i>
<i>AEGON Liability Matching Fund</i>	<i>Multi-sector</i>	<i>6.3%</i>	<i>The Netherlands</i>
Largest investments after 10 years	Sector	% of assets	Country
<i>AEGON Diversified Bond Fund</i>	<i>Multi-sector</i>	<i>64.5%</i>	<i>The Netherlands</i>
<i>AEGON Diversified Equity Fund</i>	<i>Multi-sector</i>	<i>30.0%</i>	<i>The Netherlands</i>
<i>AEGON Liability Matching Fund</i>	<i>Multi-sector</i>	<i>5.5%</i>	<i>The Netherlands</i>

### What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments depends on the risk profile a client has opted for and the number of years that have passed since retirement. Illustrative figures for clients that are 5 and 10 years following retirement are shown in the following table.

Risk profile	% assets at "n" years after retirement	
	5	10
Defensive	0%	0%



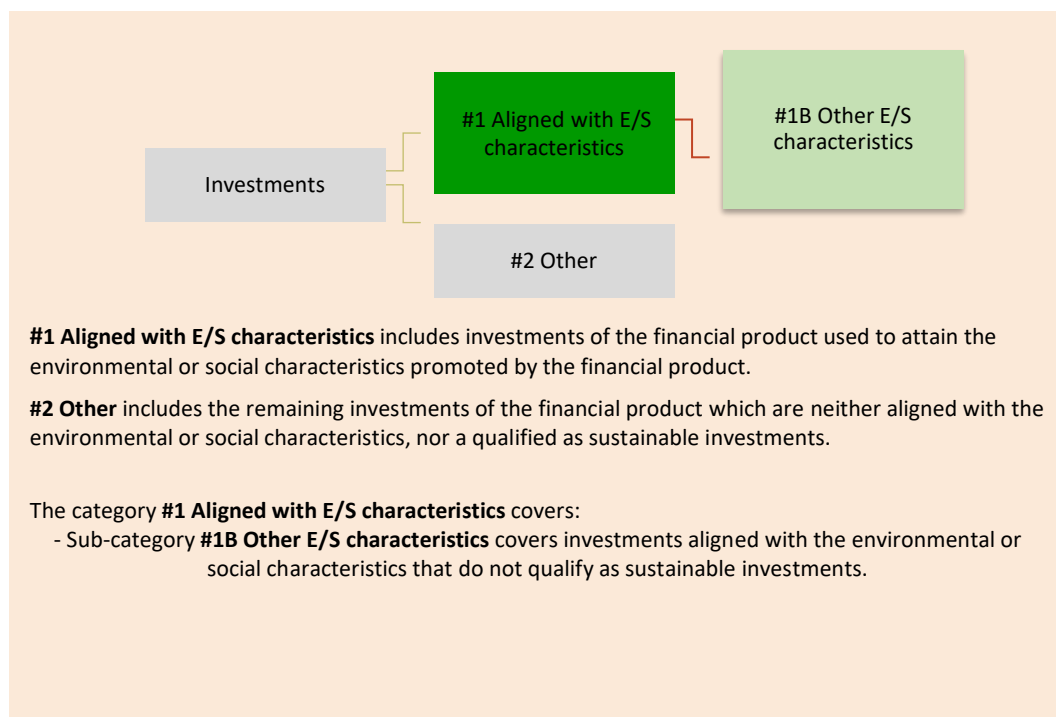
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

**The asset allocation** describes the share of investments in certain assets.

● **What was the asset allocation?**

The asset allocation depends on the risk profile a client has opted for and the number of years that have passed since retirement. Illustrative figures for clients that are 5 and 10 years following retirement are shown in the following charts.



In calculating the asset allocation for the product, we have relied on reporting received by our outsourcing partner, Aegon Asset Management. This reporting provides us with a breakdown of the asset allocation for the different investments funds that the product invests in.

Category	% assets at "n" years after retirement	
	5	10
#1: Aligned with E/S characteristics	89.3%	90.0%
#1A: Sustainable	0.0%	0.0%
- Aligned with the Taxonomy	0.0%	0.0%
- Other environmental	0.0%	0.0%
- Social	0.0%	0.0%
#1B: Other E/S characteristics	100.0%	100.0%
#2: Other	10.7%	10.0%

● **In which economic sectors were the investments made?**

The exposure to different economic sectors depends on the risk profile a client has opted for and the number of years that have passed since retirement. Illustrative figures for clients that are 5 and 10 years following retirement are shown in the following table.

Sector	% assets at "n" years after retirement	
	5	10
Asset Backed Securities	4.5%	4.5%
Cyclical goods	7.4%	7.5%
Derivatives	0.3%	0.2%
Energy	2.2%	2.2%
Financial services	19.1%	19.4%
Governments	22.0%	21.7%
Healthcare	4.4%	4.4%
Industrials	6.7%	6.7%
Information technology	7.0%	7.0%
Materials	0.9%	0.9%
Mortgage products	3.9%	4.0%
Non-cyclical goods	3.8%	3.9%
Other	5.0%	4.8%
Real estate	3.6%	3.6%
Telecommunication services	6.5%	6.5%
Utilities	2.7%	2.8%



**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?**

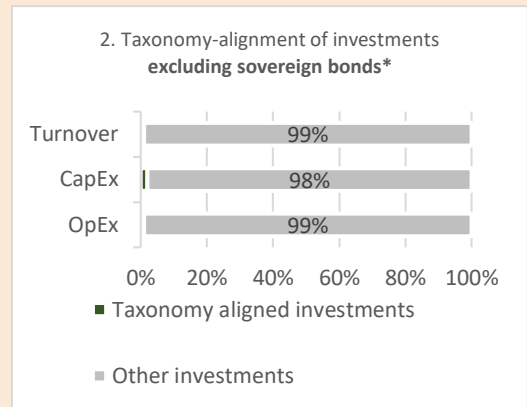
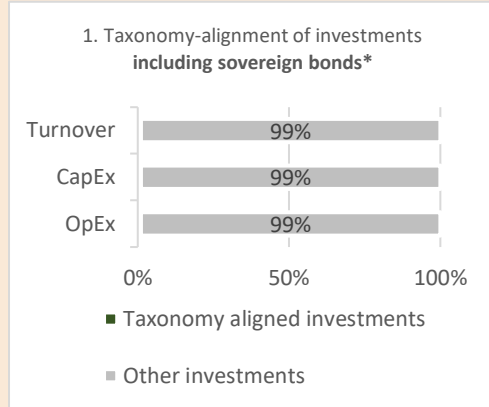
The percentage of sustainable investments with an environmental objective aligned with the EU Taxonomy made by this product is negligible ( $\leq 1.0\%$ ). To reach this conclusion, we have reviewed the current holdings based on actual reported Taxonomy alignment data. We have made use of data from our outsourcing partner, Aegon Asset Management as part of this analysis. This data has not been taken into consideration as our investment manager has been informed by their ESG data provider that the data they can currently provide is not considered sufficiently equivalent under the EU Taxonomy.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?<sup>1</sup>**

- Yes:
- In fossil gas                       In nuclear energy
- No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegation Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 49.31% of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



● **What was the share of investments made in transitional and enabling activities?**

The share of investments made in transitional and enabling activities was negligible ( $\leq 1.0\%$ ).

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

Compared with previous periods the investments aligned with the EU Taxonomy made by this product is negligible ( $\leq 1.0\%$ ).

**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy was negligible ( $\leq 1.0\%$ ).



## What was the share of socially sustainable investments?

The share of socially sustainable investments was 0%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852



## What investments were included under “Other”, what was their purpose and were there any minimum environmental or social safeguards?

The investments under “other” are cash, cash equivalents and derivatives. These investments are used for efficient portfolio management and risk-management purposes. For example, to reduce overall investment risk or to help protect clients against the impact that large movements in interest rates could have on the value of their investments. These “other” investments are not subject to the product’s environmental or social criteria.

## What actions have been taken to meet the environmental and/or social characteristics during the reference period?



This product invests in a wide range of different investments with the aim of delivering you with good financial returns. We recognise that the impact of these investments can be far-reaching and potentially positive or negative for people and the planet. That is why we take account of ESG (environmental, social and governance) factors in our investment decision-making process and only select investments that correspond to our standards and values. We describe how we do this in the Aegon NL Responsible Investing Policy.

We took a number of actions over the reference period that aimed to promote environmental and social considerations, including making changes to our exclusion list, engaging with companies on a range of ESG issues, and voting at company general meetings.

**Exclusions:** In the fourth quarter of 2023, we tightened our eligibility criteria for investments in companies and government bonds (of specific countries). For example, we now exclude all tobacco companies, not only producers but also distributors. And for the first time, we exclude companies affiliated with the gambling industry (both based on the theme of health and well-being). We also added a number of names to our Exclusion List due to non-compliance with our minimum standards (e.g. UN Global Compact Principles). The above-mentioned tightening of our exclusion criteria and application of our minimum standards has led to us saying goodbye to more than fifty companies just before the New Year, of which Chevron, Walmart and Shell were the largest sales.

**Active ownership:** Our fund manager Aegon Asset Management has conducted a dialogue on our behalf with a number of companies whose screening showed that they do not meet the criteria in our Responsible Investment Policy. In 2023, there several contact moments with different companies from the portfolio in order to encourage these companies to positively adjust their behavior. For example, in the first quarter, Aegon Asset Management started a dialogue with Tencent, one of China's largest developers of online services, games and internet technology, with the focus on gaining more insight into the policy pursued by its popular WeChat service regarding privacy and cooperation with Chinese government authorities. A first result is that Tenscent published several

policy documents on this subject later in 2023. The next step for us is to investigate whether the published policy is actually implemented.

In the second quarter, Caterpillar, an American manufacturer of heavy machinery for civil engineering, was approached with the aim of improving its human rights policy and associated processes and oversight mechanisms specifically in its operations in so-called conflict areas. Although we are mildly positive about Caterpillar's initial responses, we will continue to emphasize that further progress can be made.

As part of our Top Emitter engagement program, we had contact with Honda Motor Co, the Japanese car and motorcycle manufacturer, in the third quarter. The focus was on what progress the company has made and what concrete steps it will take to achieve effective results within the science-based targets initiative, which aims to provide insight into the progress of companies in reducing CO2 emissions. Unfortunately, at the time of writing we are not yet very enthusiastic about the results achieved through this dialogue. This is mainly due to the fact that the production of electric cars is lagging behind and there is only a slight reduction in scope 1 and 2 greenhouse gas emissions compared to 2015. We continue to hope that more progress will be made in the future.

In the last quarter of 2023, we continued the contact we started in 2021 with McDonalds, the global fast food restaurant chain, with the focus on offering a safe workplace as an employer as well as the anti-harassment policy and its application both in its own restaurants and in those of restaurant franchisees. Specifically, we examined the actions taken following allegations in the United Kingdom. We are moderately positive about the steps that McDonald's has taken. The company has tightened its policies and implemented them worldwide, regardless of whether it concerns company-owned or franchised restaurants. However, in our opinion, the level of detail of this policy, the monitoring of compliance and transparency about assessments are still insufficient. We will continue to approach McDonalds, although we do not expect any additional claims in the short term.

We exercised the voting rights associated with investments in listed shares in a way that was aligned with our engagement efforts.

For our investments in listed (real estate) shares, we have exercised our voting rights in line with the priorities we have determined in our annual active shareholder plan. Aegon Asset Management, actually voted on initiatives concerning the appointment of directors, the determination of non-financial compensation and regular business proposals. For example, in the second quarter, Aegon Asset Management voted against the approval of the sustainability report of the Swiss bank UBS and in the third quarter in favor of the initiative to publish a report on salary differences between gender and race at the American clothing company Nike.





### How did this financial product perform compared to the reference benchmark?

No reference benchmark is used by this product.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

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