

Engagement Policy

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

Stewardship

TKP Investments believes good stewardship is an essential part of its responsibility as a provider of capital to investee companies on behalf its clients. The stewardship elements of this engagement policy are aimed at enhancing long-term value creation by its investee companies and consequently to the long-term risk-adjusted returns on the investments of our clients. Our stewardship consists of three key elements: screening, engagement, voting and shareholder litigation.

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

Monitoring on material issues

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

Screening and standards

At TKP Investments, we expect companies to adhere to the Global Compact Principles of the United Nations. These principles set standards on company behaviour relating to labour conditions, human rights, anti-corruption and the environment. To this aim, portfolios are screened independently on an annual basis utilizing the screening tools offered by our ESG research providers. Monitoring takes place on a continual basis. In case of violations of these principles, we will raise our concerns and engage with company management to seek explanation and improvements. It is our intention to broaden this screening to encompass the OECD Guidelines for Multinational Enterprises by the end of 2019, in line with the IMVB Covenant of Dutch Pension Funds.

Engagement

We believe that actively engaging with companies to improve sustainability performance and corporate behavior is more effective than excluding companies from our investment universe because this enhances long-term value creation and is in the interest of our clients. When a company does not meet our minimum standards, we enter into a dialogue with the company management.

During this engagement process, we share our concerns or the ESG risks that we identified and make suggestions for improvement. During the engagement process, we closely follow the progress made by the company. We will report on these activities on a regular basis to our clients. This dialogue will in any case be held with companies that do not comply with the Global Compact Principles. In this process, we have employed Sustainalytics to pursue the dialogue on our behalf, while its sector analyst assesses the improvements achieved on an annual basis.

Where our concerns are not addressed sufficiently TKP Investments is prepared to take action in case issues remain unresolved, where appropriate. This could either be an escalation of stewardship activities in cooperation with other asset managers, or exclusion. If, after a period of three years, a dialogue has yielded insufficient results, the company will be excluded from all our portfolios. Within this framework, several companies have been placed on our exclusion list in previous years.

We also discuss the outcomes of the portfolio screening and monitoring process with the external managers that hold the companies who are perceived to violate the UN Global Compact principles. We ask our external managers to provide their own assessment and we request that they engage on these issues with these companies on their own account. Their willingness to follow-up on these requests are an important criterion in the periodic evaluation of their investment service.

Cooperation and collaboration

As part of Aegon Asset Management, we seek to strengthen our capacity and investor voice in engagement by actively participating in collaborative external platforms such as the Principles for Responsible Investment, Institutional Investors Group on Climate Change, Eumedion, ShareAction, FAIRR and others. These activities will be primarily undertaken by the engagement specialists of Aegon Asset Management. Furthermore we are prepared to communicate with relevant stakeholders of listed investee companies, where appropriate.

Shareholder rights and voting

TKP Investments aims to ensure that voting rights are exercised in an informed manner. Its voting policy is aimed at enhancing long-term value creation and promotes sustainability policies and disclosure by investee companies. TKP Investments endeavors to vote on shareholder meetings world-wide, using the ISS International Sustainability Proxy Voting Guidelines. For the implementation of the voting, TKP Investments employs ISS, a global voting advice agency. On a quarterly basis, TKP Investments publishes on its website how it has voted at shareholder meetings of investee companies.

For companies listed in the Netherlands, TKP Investments aims to adhere to the Dutch Stewardship Code and the Dutch Corporate Governance Code. TKPI Investments will also take into consideration the alerts issued by Eumedion on controversial agenda items.

TKP Investments will report annually on its voting behaviour at general meetings of Dutch listed investee companies with an explanation of the most significant votes and will monitor the activities of proxy voters acting on its and its asset owning clients' behalf. Reporting on voting behavior at general meetings of non-Dutch listed companies will be on a case by case basis taking into account factors including the size of the holding and the issues covered by the resolutions.

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

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

Conflict of interests

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

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Aegon Investment Management B.V. (AIM) is registered with the Netherlands Authority for the Financial Markets and carries on business under both Aegon Asset Management and TKP Investments (TKPI) brands. This policy concerns the engagement activities on behalf of AIM clients that invest in products and services covered by the TKPI.