

Template pre-contractual disclosure for 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: Aegon IG Insured Credit Fund
Legal entity identifier: n.a.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective**: ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of «M_9» 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 promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund seeks to invest in loans, securities and other fixed income instruments whose collateral pools, originators, or countries of collateral are positively impacted by effective ESG practices. The environmental and social characteristics promoted by the Sub-Fund consist of investing in loan, securities and other fixed income instrument that meet the Sustainability criteria

of the Portfolio Manager in order to come within the three lowest Sustainability risk categories identified, as described below. The Sub-Fund's promotion of these characteristics is founded on maximizing the exposure to asset pools that have favourable environmental, social, or governance characteristics. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Sub-Fund will use sustainability indicators in the following way in order to measure and attain each of the environmental or social characteristics:

- The ESG analysis will be carried out at the level of a country, insurance company and the underlying obligor (if the obligor is not a country) and the governance analysis will be carried out at the level of a SPV who can qualify as an issuer, according to the Portfolio Manager's proprietary methodology. As mentioned above, the Portfolio Manager will use a number of sustainability indicators to assign a Sustainability risk category (scale 1-5;) to each transaction. The Sub-Fund will only invest in transactions falling in a Sustainability risk category of 3 or lower.

The Sub-Fund applies the exclusion criteria set by the Aegon AM NL Sustainability Risks and Impact Policy in Appendix 3, which is available under the documents at: <https://www.aegonam.com/en/responsible-investing/>. This ESG criteria may change from time to time.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

N/A

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

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

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 have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

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 EU criteria.

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

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



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

The AIFM and the Portfolio Manager are always supportive of the policy goals of the PAI regime, to improve transparency to the Shareholders, potential investors and the market, as to how financial market participants integrate consideration of the adverse impacts of investment decisions on sustainability factors. Nevertheless, the AIFM and the Portfolio Manager are concerned about the lack of available and reliable data which could be obtained at reasonable costs, to comply with the reporting requirements of the PAI regime, as they believe that issuers and market data providers are not yet ready to make all necessary data available for compliance with the PAI regime in respect of the Sub-Fund. Therefore, the AIFM, in consultation with the Portfolio Manager, has opted not to consider the PAI for the Sub-Fund after carefully evaluation of the requirements of the PAI regime set out in SFDR.

What investment strategy does this financial product follow?

The Sub-Fund aims to provide investors attractive risk-adjusted returns by investing in loans, securities and other fixed income instruments in the primary and secondary debt markets as described in the Fund Supplements.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The proprietary Sustainability Risk category methodology will be adopted in the investment process, as described above. The Sub-Fund will only invest in transactions categorized in the Sustainability Risk category of 3 or lower (1 – 5 scale). The Sub-Fund is not allowed to invest in transactions that face high sustainability risk with Sustainability Risk category of 4 or 5.

The Sub-Fund applies the exclusion criteria set by the Aegon AM NL Sustainability Risks and Impact Policy in Appendix 3, which is available under the documents at: <https://www.aegonam.com/en/responsible-investing/>. This ESG criteria may change from time to time.

This ‘best in class’ approach, combined with the exclusion criteria are the binding element of the investment strategy used to attain the promoted the environmental or social characteristics.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

N/A

● ***What is the policy to assess good governance practices of the investee companies?***

The AIFM and the Portfolio Manager assess the good governance of the issuers to the extent that those issuers qualify as investee companies. The good governance practices of those issuers are assessed prior to making an investment and periodically thereafter through screenings implemented by the AIFM and the Portfolio Manager, focusing on governance indicators which are relevant for the specific asset class.. The AIFM and the Portfolio Manager will require the investee company to apply such good governance standards on any underlying investments insofar as those investments may qualify as investee companies.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

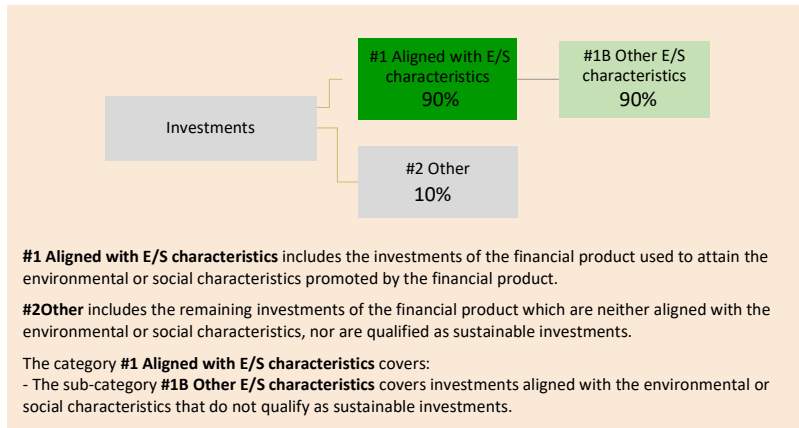


What is the asset allocation planned for this financial product?

Commented [LW1]: Input of Naval and George Nijborg

Asset allocation describes the share of investments in specific assets.

The Fund Manager will invest minimum 90% of the portfolio in loans, securities and other fixed income instruments that promote the environmental and/or social characteristics in a manner as described above. A minor portion of the portfolio, 10%, may be invested in ancillary assets that are not aligned with environmental and/or social characteristics, for example, cash and cash like instruments.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Commented [LW2]: Input of Naval and George Nijborg

For interest rate, currency hedging and efficient portfolio management purposes, the Sub-Fund may use financial derivative instruments traded on a regulated market and/or OTC, provided they are contracted with recognized financial institutions specialized in this type of transactions. In particular, the Sub-Fund may take exposure through financial derivative instruments and forwards on any eligible underlying, such as currencies, interest rates, transferable securities or financial indices, at all times in compliance with Luxembourg laws.

Therefore, the derivatives should be aligned with the environmental or social characteristics promoted by this Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

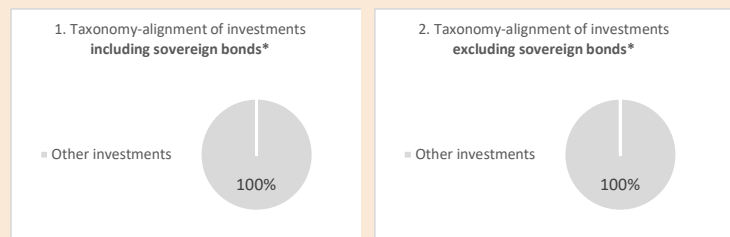
The investment policy, as set out in the relevant Sub-Fund specification, describes how the relevant Fund promotes ESG characteristics through, amongst other things, consideration of a wide range of environmental indicators.

In order for an investment to qualify as environmentally sustainable as at the date hereof, it must meet a number of different criteria, including that it contributes substantially to a Taxonomy Regulation Objective, as measured according to the technical screening criteria set out in the Taxonomy Regulation, and that it must not significantly harm any of the environmental objectives set out in the Taxonomy Regulation.

The Sub-Fund seeks to promote environmental characteristics, however does not make any assessment of whether its investments are Taxonomy-aligned; as such, the relevant Funds will invest 0% of their respective Net Asset Value in Taxonomy-aligned investments, unless otherwise disclosed in the relevant Supplement.

The “do no significant harm” principle referred to above applies only to those investments underlying the relevant fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the relevant fund do not take into account the EU criteria for environmentally sustainable economic activities.

The two graphs below show in green the minimum percentage of investments that are 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.*



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

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

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.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

Yes

In fossil gas

In nuclear energy

No

What is the minimum share of investments in transitional and enabling activities?

N/A



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A



What is the minimum share of socially sustainable investments?

N/A



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund may invest in other investments for the purpose of efficient portfolio management, for example, cash and cash equivalents in the event of an amount of cash in excess of the maximum cash limit as set out in the Fund Supplements. These other investments are not subject to the Fund's environmental or social criteria.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

● *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

● *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

● *How does the designated index differ from a relevant broad market index?*

N/A

● *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.aegonam.com/en/strategies--funds/fixed-income/ig-insured-credit-fund/>