

AEAM DUTCH MORTGAGE FUND 3

Disclaimer: This document is not marketing material. It contains information about this Fund (the product) in relation to the Sustainable Finance Disclosure Regulation. The information is legally required to help you understand the sustainability characteristics and/or objectives and risks of this fund. It is recommended to read this document together with other relevant documentation on this product so you can make an informed decision about whether to invest. Definitions used in this document have the same meaning as those used in the Fund prospectus.

(a) Summary

This product promotes energy efficiency and sustainability of the housing market, in particular the houses for which mortgages were provided and access to the housing market for first-time buyers. In the due diligence, the product considers certain principal adverse impact indicators. The majority of the investments in the product are aligned with the environmental and social characteristics. The manager uses a wide variety of internal and external data from several sources as inputs for its decision.

(b) No sustainable investment objective

This Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

When funds aims to make one or more sustainable investments:

How the sustainable investments do not significantly harm any of the sustainable investment objectives?

The product is an investment fund that invests in claims based on mortgage loans. The underlying loans concern inter alia partial sustainable loans. Implementation of those sustainable measures is bound by the preconditions imposed by the lender. Those preconditions are intended in part to prevent other ecological or social sustainable investment objectives from being compromised to a serious degree

How are the Principal Adverse Impacts (PAI) taken into account?

This fund takes two PAI indicators into account, and also applies these indicators to the energy efficient mortgages. PAI for property assets Table I #18 Exposure to energy-inefficient property assets shows which percentage of mortgages in this Fund are considered as energy- inefficient by the European Commission. PAI for property assets Table II #18 Greenhouse Gas Emissions measures scope 1, scope 2 and the total greenhouse gas emissions for the mortgages in this Fund. Both PAI indicators therefore monitor the energy-efficiency of the houses, to which the energy-efficient mortgages also contribute.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

The European Commission clarified in May that since the OECD guidelines and guiding principles of the UN regarding the business and human rights focus on enterprises, this question therefore does not apply to investment in mortgages.

(c) Environmental or social characteristics of the financial product

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

The Fund promotes the following ecological and social characteristics:

Ecological characteristics: Promoting energy efficiency and sustainability of the housing market, in particular the houses for which mortgages were provided.

1. Sustainability mortgage for new and existing mortgages: See the section below on sustainable investments for more information about sustainability mortgages.

2. Implicit improvement energy efficiency houses: The improvement of the energy efficiency of houses is an environmentally-sustainable investment under activity 7.2 Renovation of existing houses of the EU taxonomy if the 'renovation [leads] to a reduction of the demand for primary energy by at least 30%'. In order to establish this, a.s.r. has developed a method that can be used to measure the implicit or expected improvement after the deployment of the energy efficient mortgage. This method is still being developed, such as with respect to the application of criteria to prevent other objectives from being affected to a serious degree (the 'do no significant harm' principle), a.s.r. has therefore not yet issued a commitment concerning the minimum share of these sustainable investments.
3. Working together on accelerating energy efficiency and a sustainable housing market: a.s.r. works together with more than 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and relevant market developments with respect to energy-efficient mortgages. Making houses and buildings more sustainable is the central focus of the EEM Hub NL. It discusses for example the interpretation of the EU taxonomy criteria for the Dutch housing market. Houses may fall under activity 7.2 Renovation of existing houses or 7.7 Acquisition and ownership of buildings for example. Within this cooperation there is ongoing discussion about how the criteria for preventing another objective from being prejudiced to a serious degree are to be applied within the context of Dutch mortgages.

Social characteristic: Access to the housing market for first-time buyers.

4. WelThuis starter mortgages: Fund investments in WelThuis starter mortgages make the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. The starter mortgages are comparable to the WelThuis mortgages, but have a repayment period of 40 years, which means that the borrowers have lower monthly mortgage payments. This makes home ownership more accessible to this target group. At the same time, the repayment period can be adjusted to the regular repayment period of 30 years after a few years if the borrower wishes to do so.

Explanation to the following ecological and social characteristics: The a.s.r. WelThuis mortgages in the fund originate with ASR Levensverzekering N.V. The Fund invests in a cross section of new a.s.r. WelThuis mortgages that were concluded. Borrowers are not obliged to take out an energy-efficient mortgage and/or a starter mortgage if they wish to take out a mortgage loan with ASR Levensverzekering N.V. However, ASR Levensverzekering N.V. does focus on encouraging the use of energy-efficient mortgages and starter mortgages by borrowers. The Fund does not use benchmarks for comparing its sustainability characteristics.

(d) Investment strategy

What is the investment strategy used to meet the environmental or social characteristics promoted by this financial product?

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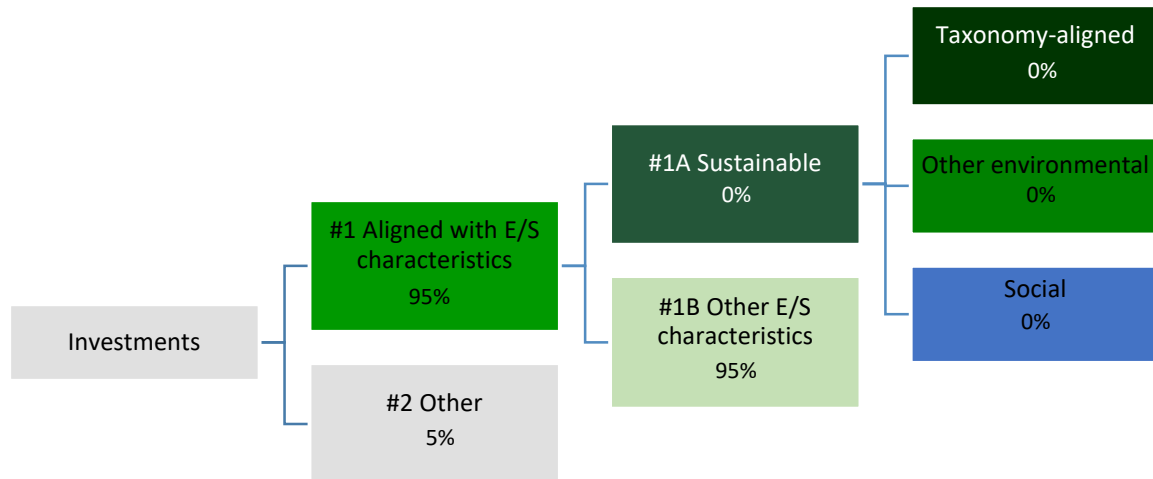
There are no binding elements in the selection of the investments in order to comply with the ecological and social characteristics promoted by this fund.

There is no minimum percentage that limits the investment scope of other investments.

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

The Fund does not invest in enterprises, but only in a.s.r. WelThuis mortgage claims held by ASR Levensverzekering N.V. This subject therefore does not apply to this financial product

(e) Proportion of the investments



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

(f) Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms?

The strategy is implemented in the investment process by evaluating the originators at least semi-annually in line with service-level agreements. The Investment Manager also receives semi-annual ESG reports based on quarterly data from the originator which includes the disclosure and tracking of relevant environmental characteristics.

(g) Methodologies

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The realisation is measured on the basis of the following indicators

- Ecological: The level of carbon emissions (COs) of the houses related to the mortgage portfolio;
- Ecological: Percentage a.s.r. WelThuis mortgages with a sustainability component in the investment portfolio after 1 year from when it was provided;
- Ecological: Financing in euros included for the purpose of making the collateral more sustainable from the agreed sustainability facilities;
- Ecological: Division by energy label of the underlying houses in the investment portfolio;
- Ecological: Expected improvement in energy labels after the borrowers have implemented sustainability measures;
- Social: Percentage a.s.r. WelThuis starter mortgages in the investment portfolio

(h) Data source and processing

How are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?

Due to the lack of ESG data relevant to these asset classes from specialist data providers, Aegon Asset Management teams try to work to obtain ESG information directly from the originator. When possible, portfolio managers engage with the originator to obtain data and additional information in relation to ESG.

What measures are taken to ensure data quality?

Given the lack of accounting standards and, in turn, standardised data from data providers and issuers of this type of debt/transaction, a systematic assessment of data quality is challenging and occurs on a case by case basis by the portfolio managers in the context of the overall investment due diligence.

How is data processed?

Data is processed by the portfolio managers to align with our internal standards. Data obtained from issuers is stored in internal locations with restricted access rights.

What proportion of the data is estimated?

Data obtained from public sources and data from originators may be estimated to some extent, however no systematic measures are available to establish whether such data has been estimated and how accurately.

(i) Limitations to methodologies and data

What are potential limitations to the methodologies or data sources and how do such limitation not affect how the environmental or social characteristics promoted by the financial product are met?

Limitations are tied to the data obtained directly from originators, its availability and accuracy.

(j) Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

Aegon AM follows an internal proprietary research process using the data obtained from originators on a case by case basis. ESG data obtained from originators is used as a basis and complement to a holistic analysis of the overall investment which also considers other types of data from other sources.

(k) Engagement policies

What is the engagement policy applied, in the case that engagement is part of the environmental or social investment strategy (including any management procedures applicable to sustainability-related controversies in investee companies)?

This Fund is subject to Aegon AM's Active Ownership Policy, which can be found at www.aegonam.com. For a description of procedures applicable to sustainability related controversies in investee companies for this Fund, we refer to the Sustainability Risks and Impact Policy as referred to in section (d) Investment strategy.

(l) Designated reference benchmark

Has an index been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product?

No, there are no ESG index available for strategies investing in mortgage receivables.

When fund has a designated reference benchmark

How is that index aligned with the environmental and social characteristics promoted by the financial product?

Not applicable.

What input data is used for the reference benchmark?

Not applicable.

Which methodologies are used to select the data in the reference benchmark?

Not applicable.

Which rebalancing methodologies are used for the reference benchmark?

Not applicable.

How is the reference benchmark calculated?

Not applicable.

If information is available on the website of the benchmark administrator, this is the hyperlink to the website:

Not applicable.

(m) Summary Translations



Dit product bevordert energie-efficiëntie en duurzaamheid van de woningmarkt, met name van woningen waarvoor hypotheek zijn verstrekt, en de toegang tot de woningmarkt voor starters. Bij de due diligence houdt het product rekening met bepaalde indicatoren voor belangrijke negatieve effecten. Het merendeel van de beleggingen in het product is in overeenstemming met de milieu- en sociale kenmerken. De beheerder gebruikt een breed scala aan interne en externe gegevens uit verschillende bronnen als input voor zijn beslissingen.