

Aegon UK Corporate Services Limited

Corporate Governance Disclosures

This statement presents corporate governance disclosures included in the annual report for Aegon UK Corporate Services Limited for the year ended 31 December 2023. The Companies (Miscellaneous Reporting) Regulations 2018 requires these disclosures to be included in the statutory accounts of Aegon UK Corporate Services Limited (the Company) and published on the Company's website. This document is prepared based on the annual report disclosure and published on the Company's website to fulfil that requirement.

Introduction

Corporate governance reporting requirements under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") apply to companies meeting specific qualifying conditions. The Company meets some of these qualifying conditions and is required in its Annual Report to include disclosures on:

- i) how the Directors have had regard to the matters in section 172 (1)(a) to (f) of the Companies Act 2006 (the "Act");
- ii) how the Directors have engaged with employees; and
- iii) how the Directors have engaged with customers, suppliers and others.

Disclosures addressing point (i) are presented immediately below. Disclosures addressing points (ii) and (iii) are presented in the 'Statement on engagement with employees and other stakeholders' in the section that follows.

Section 172(1) Companies Act 2006 Statement

Section 172(1) requires that "A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the company's employees;
- (c) The need to foster the company's business relationships with suppliers, customers and others;
- (d) The impact of the company's operations on the community and the environment;

- (e) The desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as between members of the company.

The Directors consider all matters relevant to the particular issue before them for consideration whilst acting in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members. This includes, amongst other things the factors listed above.

The Company provides services to the UK based Aegon companies and in particular is the employer of those colleagues who provide services to other UK based Aegon companies, including Scottish Equitable plc, a fellow subsidiary of Aegon UK plc the Company's parent.

The Directors have put in place suitable processes so that all relevant matters are factored into the Board's decision making. These are part of the corporate governance framework as described above, and include, for example the Regulatory Risk team and the Regulatory Development Group. They also include, for example, the requirement that all papers prepared for the Board follow a template which requires the paper author to set out, amongst other things, the key points, points for discussion, stakeholder implications (stakeholder implications covering the Company's customers, suppliers, employees, the community and the environment) and risk and capital implications of the matters in the paper. These ensure the stakeholder implications and risk and capital implications alongside other key points can be appropriately considered by the Board in their deliberations.

The approach described above assisted the Directors with their consideration of the Company's Strategic Report, Directors Report and Financial Statements, where Board papers highlighted the risk, capital and customer implications. Further detail on how the directors demonstrated their responsibilities under s172 as part of this review is presented as follows:

- In terms of the consideration of the likely consequences of any decision in the long term, the Board considered the going concern basis upon which the Strategic Report, Directors Report and Financial Statements had been prepared. The Board also benefited from a report from the Company's Auditors on its findings from their audit.
- As the Company has no individual customers, there are no direct individual customer implications.
- The risk and capital implications were considered and it was noted that the Company does not have any regulatory capital requirements.

For more information regarding the Board's consideration of:

- Employees, refer to section (a) of the 'Non-financial and sustainability information statement' below. This outlines, amongst other things, the main methods the Directors have used to engage with employees;

- the Company's suppliers, customers and others refer to sections (c) and (d) of the 'Non-financial and sustainability information statement' below. This outlines, amongst other things, the main methods the Directors have used to engage with the Company's suppliers, customers and others including, without limitation, the Company's Regulators and Shareholders;
- the impact of the Company's operations on the community and the environment refer to sections (b), (c) and (d) of the 'Non-financial and sustainability information statement' below; and
- anti-corruption and anti-bribery matters - refer to section (f) of the 'Non-financial and sustainability information statement' below.

Non-Financial and sustainability information statement

(a) The Company's employees

The Company employs those personnel who provide services to the Aegon UK plc Group (Aegon UK).

The Company is committed to offering its employees a great place to work has taken several actions to demonstrate that commitment during 2023. These include:

- Enabling Aegon UK's strategy with a particular focus on developing a purpose-led culture based around a diverse, high performing workforce where employees are passionate and proud about helping our customers succeed;
- Embedding Aegon's purpose of 'Helping people to live their best lives', and the supporting best life behavioural framework: Tune In, Step Up, Force for Good;
- Hosting our Big Tune In town hall style events for all employees in September 2023, with the CEO personally delivering presentations on Aegon UK's strategy and business plans and offering all employees a chance to ask the Executive anything they wish;
- Maximising organisational effectiveness in a hybrid working world through targeted actions at a company, functional and local level, which increase engagement, collaboration and performance;
- Refreshing our Inclusion & Diversity (I&D) strategy to embed into Aegon UK business strategy and align with Aegon's global I&D strategy
- Implementing new Talent Market Place technology to help deliver an innovative, modern and skills based approach to career development
- Investing in new digital learning content, giving employees access to a greater range of high quality learning resources

- Development of a holistic Wellbeing strategy which brings together all dimensions on wellbeing;
- Launching Bravo!, a new global employee recognition tool to promote in-the-moment top down and peer to peer recognition;
- Continuing to review our Reward strategies to align to Aegon's purpose and balance employee and business needs, whilst ensuring we support colleagues most affected by the ongoing cost of living challenges;
- Maintaining our adherence to the Real Living Wage within our in-scope supply chain, and promoting adoption of this across our wider supply chain;
- Providing a comprehensive employee benefits package and running campaigns and events to promote awareness and adoption of these benefits by employees;
- Undertaking our annual employee survey and additional pulse surveys, and using the results to form action plans targeted at increasing employee engagement; and
- Driving action against our engagement priorities through local leaders and our culture champion community.

These and other actions were agreed and taken forward during 2023 based on insight from employees in our November 2022 Employee Survey and subsequent employee surveys conducted during 2023. The actions taken have led to a sustained improvement in the levels of employee engagement during the year, as we continue our journey towards upper quartile employee engagement levels.

'Employee Voice' has continued to receive significant focus during 2023. Helen Heslop has acted as the dedicated Non-Executive Director with responsibility for Workforce Engagement and Employee Voice. The role includes meeting with employee groups and with representatives of our recognised trade unions. Feedback from these meetings is shared with the Board and there is also a dedicated channel of communication for employees to raise issues directly with the Board. This complements other channels for Employee Voice including the longstanding strong, constructive partnership relationships with Aegis the Union and Unite the Union and the annual Employee Survey where participation rates are consistently high.

From a cultural perspective, Aegon UK continues to invest significant time and attention in Inclusion & Diversity (I&D). Numerous I&D events and initiatives have been supported throughout 2023. Arlene Stokes, Chief People Officer, is the overall Executive Sponsor for I&D, and we have appointed the following Executives as advocates to each of our I&D Communities:

- Alison Morris, Chief Risk Officer in respect of Women@Aegon Community
- Dougy Grant, Chief Service Officer, in respect of the Wellbeing Community
- Andy Manson, Chief Marketing Officer, in respect of the Aegon Proud Community

- Ronnie Taylor, Chief Distribution Officer in respect of the Race & Cultural Diversity Community

Aegon UK publishes its gender pay gap report annually in March. When Aegon signed up to the Women in Finance Charter we committed to achieve 33% female representation among the CEO-2 population by the end of 2021. This target was achieved in January 2022 and Aegon UK set a further long-term target to achieve 50/50 gender balance at all levels of the organisation, with interim milestone targets for 2022, 2025 and 2030. To support achievement of these targets, all candidate shortlists for appointments to the Board and CEO-2 must contain at least 33% from either gender, with appointments being made on merit. We have made good progress on this journey and have achieved 39% female representation among the CEO-2 population by the end of October 2023. With all executives now having personal performance objectives linked to inclusion and diversity, a link has been created between these targets and variable compensation awards made to executives.

Aegon UK continues to maintain a comprehensive and robust suite of employment policies designed to promote a positive and fair working environment. In particular, Aegon UK's Respect and Dignity policy promotes equality and diversity among the workforce. It is Aegon UK's policy to promote inclusion and diversity and to ensure equal opportunities for all employees. All recruitment is made on merit and this is done through a competence based recruitment process and we have developed a new inclusive hiring strategy which will help overcome barriers to attraction and selection for underrepresented groups. Aegon UK is committed to making reasonable adjustments to ensure there are no barriers to employees with disabilities joining, progressing, or remaining within the workforce.

Aegon UK operates a robust pay and grading framework, based on a recognised job evaluation methodology. Within this framework, Aegon UK conducts annual benchmarking to ensure that terms and conditions of employment and employee total reward packages are positioned at competitive levels. All remuneration packages are compliant with applicable regulation in the UK. Aegon UK recognises Aegis the Union and Unite the Union for collective bargaining purposes, and they are consulted on any significant proposals affecting employees, including the annual pay review, changes to employment policies and restructures in the workforce.

(b) Sustainability information

This section of the Non-financial and sustainability information statement presents selected disclosures extracted from the Aegon UK Task Force on Climate – Related Financial Disclosures (TCFD) entity and product report 2022 published in June 2023. The TCFD entity report is that of Scottish Equitable plc (SE plc), a fellow subsidiary and leading operating subsidiary of Aegon UK plc. However, the majority of the content is relevant across the companies within Aegon UK plc Group, including the Company. This extract has not been included in this report. The full report is available on the Aegon UK website.

(c) Environmental matters

Creating a bright future for all our stakeholders is at the heart of everything we do. A big part of this is our belief that, being part of a major international group, we have a responsibility to make a positive contribution to the society and environment we work in. Integral to Aegon UK's approach to environmental management is our Integrated Management System (IMS), which complies with the requirements of ISO 9001, ISO 14001 and ISO 50001. Our IMS ensures that all of our environmental impacts are classified, risk assessed and managed appropriately with agreed reduction targets. This ensures that there is a continuous improvement process being pursued and that our environmental impacts are minimised. This includes clearly identifying all legal aspects and statutory obligations with which Aegon UK has an obligation to comply.

Within Aegon UK, we have developed our Environmental Policy, which clearly defines our vision and commitment to achieving our goal of minimising our impact on the environment and ensuring these goals are an integral part of our management processes.

As required by the standards defined by the International Standards Organisation (ISO), Aegon UK has a defined "Objectives & Targets Register" which clearly defines our 2023/24 Environmental Management objectives for the following key areas:

- Waste Management
- Waste Recycling
- Circular Economy
- Energy Management – Gas/Electricity/Water
- Carbon Reduction – Travel/Fleet (Air/Train/Car)

The key elements to note are that Aegon UK procures all of its electricity as "Green" energy and actively manages all aspects of electricity use including gas consumption. Over 85% of all of our UK waste is recycled with no waste going to landfill. We have implemented processes to engage with the Circular Economy whereby we actively seek out opportunities to either sell or donate redundant assets. We have introduced Electric Vehicles to our Business Fleet, providing additional incentive to support their adoption by our staff. We have installed electric charging points at our offices in Witham and Edinburgh for both visitors and staff to promote the use of hybrid/electric vehicles. All of our paper is sourced from sustainable forests, while our annual paper usage is declining.

We have increased our use of Video Conferencing tools (compared to pre – 2020 levels) to reduce our business travel and carbon emissions. We have reduced our Business Travel by 50% (compared to pre – 2020 levels) and continuously manage our travel to ensure we adhere to this target.

Our IMS and supporting ISO certifications are independently audited annually by Exovia BM Trada.

(d) Social matters

Across Aegon, our purpose is to help people live their best lives. Being a Responsible Business is fundamental to the way we achieve this, helping people not only to be financially secure but healthy enough to enjoy it. Our Responsible Business strategy is built around 2 priority themes – climate change and I&D underpinned by Environmental, Social, and Governance factors.

We have a duty of care to safeguard the money on which our customers' future hopes are based. Our products, services and communications are all designed to target the right customers, to ensure they can make sound decisions on their personal needs and we use our knowledge to help customers achieve their goals. We address our legal and regulatory duties as a regulated financial services business and as an employer and are proud to go beyond the minimum standards in the UK.

We continue to encourage and support our local communities. Our volunteering policy supports our Aegon UK employees to use their time to volunteer in their local community, and our charity fundraising supports causes close to the hearts of Aegon UK employees and their communities.

(e) Respect for Human rights

Within Aegon UK we strive to prohibit any form of modern slavery or human trafficking in our business and supply chain. We operate under a Code of Conduct that is applicable to all Aegon Group employees across the globe, and which includes commitments (amongst others) in relation to upholding internationally recognised human rights, complying with all applicable laws and regulations, dealing with business partners who share our core values, promotion of ethical behaviour and encourage the reporting of any illegal or unethical behaviour.

Avoiding modern slavery within Aegon UK

We strive to maintain and comply with a comprehensive suite of HR policies, governing the rights and entitlements of all employees working for Aegon UK, including with regard to health and safety, working hours, pay, benefits and other terms and conditions of employment. We recognise Aegis the Union and Unite the Union to represent our employees and for collective bargaining in respect of employee terms and conditions. We encourage our employees to join the union recognised for their particular role/work location. Our HR policies have been reviewed in the last 12 months and the terms, conditions and benefits of Aegon UK employees have been assessed to ensure that they comply with or exceed legal and regulatory requirements and to ensure that they are competitive within the financial services market in which we operate. We operate an enhanced vetting process for employees and workers, by including regular background screening checks for financial sanctions, politically exposed persons (PEP) and certain charges related to financial crime, including organised crime and trafficking. We ask our critical suppliers to adhere to our Vendor Code of Conduct and ask them to attest on an annual basis that they have no modern slavery or human trafficking within their organisation and supply chain.

Avoiding Modern Slavery in Aegon UK's supply chain

Under our sourcing and supplier management policies, we strive to ensure a zero-tolerance approach to modern slavery and human trafficking in our supply chain. We operate a supplier management process under which each of our suppliers is categorised to reflect the supplier's criticality to Aegon UK's business and the level of risk posed by their operations. Each year we carry out due diligence, risk assessments, contract management, site visits, audits and monitoring, as appropriate to the categorisation of each supplier, to ensure their compliance with applicable law, regulation and with the requirements of our sourcing and supplier management policies. All of our key suppliers are required to confirm on an annual basis that they comply with applicable laws, including those relating to modern slavery and human trafficking. We have reviewed our standard contracts and strive to ensure that new suppliers comply with all applicable law and regulation, including laws and regulations against modern slavery and human trafficking.

(f) Anti-corruption and anti-bribery matters

The Company is committed to ensuring transparency, honesty and integrity within all business activities. The Company has a zero-tolerance approach to any activity that could constitute a breach to legislation and employ a risk management programme which covers the UK Bribery Act.

In order to manage the risk that the Company and/or Aegon UK employees commit an act that would constitute bribery or corruption, the key elements of the anti-bribery and corruption programme include:

- Anti-Bribery and Corruption Policy and underpinned Standards sets the requirements and provides guidance on anti-bribery and corruption matters;
- Code of Conduct communicating our expectation for ethical and responsible behaviour for employees and business practices;
- Training and awareness covering key bribery and corruption risks and mandatory topics;
- Clear escalation protocols for employees and associated persons to report any suspected wrongdoing;
- Processes and procedures in place to assess, control and report on risks and impacts to different business areas; and
- Oversight and monitoring to review and assess adequacy of controls, framework and business activity.

The anti-bribery and corruption programme applies to all Aegon UK employees and covers specific requirements relating to how the firm and Aegon UK employees interact with intermediaries, agents

and suppliers. This includes specific provisions relating to gifts and entertainment, sponsorships, charitable and political donations and how we engage with third parties.

Statement on engagement with employees and other stakeholders

The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860) amended 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' (SI 2008/410) to introduce a requirement for companies above a certain size to include information about engagement with employees, suppliers, customers and other stakeholders.

The Company provides services to the UK based Aegon companies and in particular is the employer of those colleagues who provide services to other UK based Aegon companies, including Scottish Equitable plc, a fellow subsidiary of Aegon UK plc.

Notwithstanding any specific targets, it is Aegon's policy to ensure equal opportunities for all employees of the Aegon UK plc Group. The only criteria considered for the recruitment or promotion of staff is suitability for the position, regardless of sex, sexual orientation, marital status, age, religion, ethnic origin or disability (having due regard to the individual's aptitudes and abilities). It is Aegon's policy, wherever possible, to continue the employment of staff who have become disabled (with appropriate re-training when required). No discrimination is made against disabled employees with regard to training, career development or promotion.

By means of regular announcements and staff briefings and meetings with the independent trade unions, AEGIS and UNITE, Aegon has maintained its policy of providing information and consulting on matters likely to affect the interests of staff.

Employees are a key stakeholder of the Company. The Board of the Company's shareholder, Aegon UK plc, continues to conclude that the most appropriate enhancement to make to the Company's employee engagement model would be a hybrid between a formal work force advisory panel and a designated non-executive director for workplace engagement. One of the non-executive Directors of Aegon UK plc, has taken on the role of strengthening the Company's engagement with employees.

The following are examples of the Company's engagement with employees:

- The continued development of our Inclusion & Diversity programme during 2023, including work to further embed Inclusion & Diversity into the Company's recruitment and selection process and improving the processes to monitor equality data.
- 'Employee Voice' has received significant focus during 2023 with continuation of the role of one of Aegon UK plc Non-Executive Director's being responsible for Workforce Engagement and Employee Voice. A dedicated channel of communication has been established for employees to raise issues directly with the Board going forward.
- Aegon UK operates a robust pay and grading framework, based on a recognised job evaluation methodology. Within this framework, Aegon UK conducts annual benchmarking to ensure that employee total reward packages are positioned at competitive levels.

The Company engages with employees regularly throughout the year through senior manager briefings the contents of which are cascaded to all employees. At these briefings members of the Executive of the Company share updates regarding key topics such as the financial results, strategy development and business performance. In addition, the Company holds regular events for all employees which cover progress over the year and objectives for the following year. This is hosted by the Executive of the Company and as well as cascading information is an opportunity for any individual to ask questions of the Executive. In addition to the Annual All-Employee Survey, regular "Pulse" surveys were carried out during 2023 to obtain employees' views on a range of matters such as recognition and development.