Investment Firm Prudential Regime (IFPR)

Aegon Investment Solutions Limited

Public disclosures for the year ended 31 December 2024

Background

The public disclosures cover the entity Aegon Investment Solutions Limited ('AISL' or 'the firm') at 31 December 2024.

Under the Investment Firm Prudential Regime (IFPR), AISL is categorised as a non-small and non-interconnected investment firm ('non-SNI') under the prudential sourcebook for MIFID Investment Firms ('MIFIDPRU'). The principal activity of AISL is the sale of Individual Savings Accounts (ISAs) and General Investment Accounts (GIAs) through its digital platform. AISL holds Assets under Administration (AuA), Client Money and executes client orders. AISL does not participate in trading activity on its own account, hold Assets under Management (AuM) or undertake clearing activity.

Basis of disclosure

This document sets out the public disclosures of the firm in accordance with the requirements of IFPR, outlined in chapter 8 of the prudential sourcebook for MIFID Investment Firms. AISL is required to publicly disclose information regarding its risk management objectives and policies; governance arrangements; own funds; own funds requirements; and remuneration policies and practices.

The disclosures have not been audited and should not be relied upon in making any judgment about the financial position of the firm.

Unless otherwise stated all figures are as at 31 December 2024, the firm's financial year end, with comparative figures for 31 December 2023 where relevant.

Frequency of disclosure, media and location

In accordance with MIFIDPRU 8.1, AISL is required to, as a minimum, publish public disclosures annually on the date it publishes its annual financial statements; and *'consider making more frequent public disclosure where particular circumstances demand it'*. These disclosures are published on the firm's website.

Declaration and risk statement from the Board of Aegon Investment Solutions Limited

The Board takes responsibility for ensuring that the risk management framework implemented is suitable and effective in the context of the risks that are relevant to AISL. The Internal Capital Adequacy and Risk Assessment (ICARA) assesses the key risks under the proposed business strategy of AISL and the key activities to manage and mitigate these. In addition, risk exposures are actively monitored through Risk reporting and reviewed through a programme of stress and scenario testing.

Aegon UK has a well embedded risk culture, underpinned by the Enterprise Risk Management (ERM) framework which lays the foundation for managing risk throughout Aegon's global operations, ensuring a coherent and integrated approach to risk management. The ERM framework supports the management of risks within AISL both now and in the future. It provides the necessary tools to minimise the effects of risk on the firm's customers, capital and earnings, by allowing the business to identify, assess, monitor, manage and mitigate risks. Further details of the AUK ERM Framework are set out under 'Risk management objectives, framework and adequacy of risk management arrangements.' The Board of AISL approves the risk tolerance and appetites for the firm and does so through a process of quantitative and qualitative risk analysis undertaken by the business. Capital ratios are monitored to ensure that AISL holds sufficient liquidity and capital which is calculated based on the analysis of the risks that it faces. The Board considers the framework to be appropriate, adequate and in line with AISLs risk profile and business strategy.

At 31 December 2024 the firm was 100% owned by Aegon UK Investment Holdings Limited (AUKIH), a subsidiary of Aegon UK plc (Aegon UK). There are no known current or foreseen practical or legal impediments to the prompt transfer of capital resources or repayments of liabilities between AISL's parent AUKIH and AUKIH's subsidiary undertakings and AUKIH has no subsidiary undertakings where actual capital resources are less than the required minimum.

Governance and risk management and structure

Governance

The Board of the firm recognises that risks will be present throughout the activities that the firm undertakes. With that in mind, the Board is responsible for ensuring that the firm has in place a suitably robust Governance and Risk Management Framework in order to ensure that risks are adequately identified, assessed and mitigated and ultimately to ensure that clients' and the firm's own assets are suitably protected.

MIFIDPRU 7.3 'Risk, remuneration and nomination committees' requires that non-SNI MIFIDPRU investment firms establish risk, remuneration and nomination committees, with certain exceptions. AISL is assessed, under MIFIDPRU 7.1.4R, as exempt from MIFIDPRU 7.3, and therefore the Nomination Committee and Remuneration Committees continues to operate at Aegon UK Group level and Risk Committee continues to operate at AUKIHL level and Executive level.

The governing body of the firm is the Aegon Investment Solutions Limited Board (the Board). To complement the role of the Board, the firm's governance structure is comprised of a number of committees. The Board and each committee has a Terms of Reference clearly stating its responsibilities, membership and escalation procedures.

AISL Board

The Board has overall responsibility for the firm, its strategy and fulfilling its commitments to customers. The Board is ultimately responsible for oversight of capital and the ICARA within the business. It is responsible for:

- Establishing the risk appetite and tolerances;
- Reviewing the stress test and scenario report and results at least annually, including an update on key vulnerabilities and remedial actions;
- Approving the level of capital and liquidity required within the business; and
- Setting the Risk Strategy of the firm.

The key local governance committees are listed below:

Executive Risk & Capital Committee ("ERCC")

The ERCC monitors, oversees and challenges the management of risk and capital issues; challenges and recommends risk policy; directs corrective action or escalates issues to the AISL Board. In particular the ERCC will:

- Provide executive oversight and challenge and make recommendations on risk and capital matters, and risk governance within established frameworks and escalate risk and capital matters as appropriate;
- Review the development and implementation of strategy, risk tolerance and the capital framework in relation to all forms of risk and give recommendations;
- Review implementation of the enterprise risk management framework, challenge and recommend risk (Tier 1) policies for approval and approve the risk universe (within the parameters agreed with Aegon Ltd Group Risk);
- Ensure regulatory and other statutory requirements are met; and
- Review the implementation of the Aegon Ltd risk and capital management policies and methodologies.

Aegon UK Group Committees

The key Aegon UK Group committees are as follows:

- CASS Review & Oversight Committee (CASSRPC): holds delegated authority from the Executive Committee for overseeing AISL’s compliance with the FCA’s CASS requirements.
- Management Investment Committee: considers, oversees and makes recommendations

to the Executive Committee on all matters relating to the investments made available by AISL.

- Customer Committee: considers, oversees and makes recommendations to the Executive Committee on all matters relating to customers of AISL.

The Board and Board Reporting

The Board meets quarterly with additional Board meetings being convened to meet business needs as required and has a list of reserved matters in respect of which the Board must be engaged which is subject to review. The Board also has a schedule of regular agenda items which identifies the regular and standing items that are considered at each Board meeting.

The flow of information on risk matters to the Board is taken through various internal governance committees before being presented to the Executive Risk and Capital Committee and ultimately the Board.

Number of directorships held by members of the Board

In accordance with MIFIDPRU 8.3.1, the table below presents the number of directorships held by members of the management body as at 31 December 2024:

Name	Position	Number of Aegon Ltd group directorships – including AIS Ltd	Number of directorships held outside Aegon Ltd group
Mike Holliday-Williams	Director	30	-
James Ewing	Director	33	-

Recruitment and diversity guidelines for selection of members of the management body

The composition of the Board should be such that the Board has the trust of the Shareholder. In light of the scale of the business and the Board's Medium Term Plan to merge its business with an affiliated firm with the same regulatory permissions the Board members are the AUK CEO and AUK CFO.

In 2024, Aegon UK set a target to have 41% female representation within the CEO-2 population by the end 2024. As at 31 December 2024, female representation within the CEO-2 population was 40.5%. The primary reason for the shortfall in achieving this target was the changes to the original population arising from joiners, leavers and structural changes.

Aegon have set a long-term target for our senior management population to have a 50/50 gender balance (with a 2% margin tolerance) with interim Aegon UK targets for 43% female representation by end 2025 and 50% by end 2030. The relevant population includes the CEO of Aegon UK, the CEO's direct reports and their direct reports. The actions that are being taken to meet our women in senior leadership targets include putting in place the following:

- Policies and benefits which build a gender-inclusive workplace. We continue to develop these, building on those we've already implemented, such as gender inclusive hiring practices, a gender diversity lens applied to talent development, mentoring for women through Women in Banking and Finance, enhanced parental leave, a range of flexible working options, menopause support which led to our accreditation as a Menopause Friendly Employer in 2024, and wellbeing support for women.
- A gender-inclusive culture which we continue to build upon and measure to help attract and retain colleagues. This is supported by our colleague-led networks, and measured in our engagement survey each year.
- A refreshed Inclusion, equity and diversity (IED) strategy which builds on our IED strategy through all we do with the aim of making change systemic, longer lasting and more impactful.
- Commitments such as being a signatory to HM Treasury Women in Finance Charter since 2019.

Risk management objectives, framework and adequacy of risk management arrangements

The Board is ultimately responsible for the Risk Management Framework of the firm and has implemented an appropriate governance and risk management structure. The Board is responsible for reviewing the effectiveness of the firm's risk management arrangements and systems of financial and internal control.

Aegon UK operates a three lines of defence model of risk management, with clearly defined roles and responsibilities for committees and individuals:

- First line of defence is our business functions and those who work in them. Risks and controls are owned and managed day to day within our first line functions of Aegon UK.
- Second line of defence is our full Risk Team (whether it be operational risks, financial risks or regulatory risks). The Risk Team develops and implements the risk framework and challenges the first line on their management of risk.
- Third line of defence is Internal Audit who review all activities across Aegon UK of which AISL is part.

AISL operates within the Aegon UK Enterprise Risk Management (ERM) Framework. This framework lays the foundation for managing risk throughout Aegon's global operations, ensuring a coherent and integrated approach to risk management and applies to all material business of Aegon for which it has operational control. The framework includes risk appetite, risk tolerance, risk identification, risk assessment, risk response, risk reporting and monitoring, and risk control. The objective is to manage risk within risk tolerance, in order to support the achievement of Aegon UK's objectives.

Enterprise Risk Management framework

The ERM framework involves:

- Understanding which risks the firm is facing.
- Maintaining a firm-wide framework through which risk return trade-offs associated with these risks can be assessed.
- Maintaining risk tolerances, and supporting policies, for the management of the level of exposure to a particular risk.
- Monitoring risk exposure and actively maintaining oversight over the firm's overall risk and solvency positions.

A risk appetite is set for the business which articulates its risk objectives and attached limits for the key risks. This is articulated in the form of a risk appetite (the directional and core strategic view of risk) and the risk tolerance (setting out clear limits which are monitored for solvency, liquidity, continuity, business performance, sustainability and controlling effectively). Risk Tolerance places reliance on the ability to enter into run-off safely. Risk appetite and tolerance are reviewed on an annual basis.

The risk profile is regularly monitored via the presentation of regular risk management information to various risk forums and management governance including the Board members of AISL. Risk management information is prepared at a functional level within the organisation and is presented internally on a quarterly basis. This is used to compare the current risk profile to the risk tolerance and business performance targets. The ERM Framework allows each risk to be measured and ranked via a probability and impact matrix. Suites of risk metrics and Management Information measure and monitor risks under both business-as-usual and stressed circumstances and carries out appropriate stress and scenario tests. Key risks are reported to the Aegon UK Group Board Risk and Capital Committee on a quarterly basis, with any issues that are specific to AISL made clear in the papers.

The latest Internal Capital Adequacy and Risk Assessment (ICARA) document sets out the Board's view of the firm's risks and the capital requirements for the firm. The approval of the ICARA confirms the Board believe that the risk management arrangements and systems are adequate for the firm's profile and strategy.

Policies for mitigating risk

Risk Policies are a key component of the ERM framework. Having a robust policy framework in place ensures the right standards and principles are in place for managing and mitigating key areas of risk exposure across the organisation. AISL uses the Aegon Group policies, with local refinements where required, that cover these key risks. All policies are approved by the AUK Group Board Risk and Capital Committee. To support understanding of responsibilities, Aegon UK has developed a Policy Framework Manual. This also explains the process for governing, reviewing and providing assurance over the status of policies. The annual policy attestation exercise assesses compliance with risk policies, including the ERM Policy and Operational Risk Management Policy, and provides a measure of effectiveness of related risk management processes. Where required, improvement actions are identified and progressed, with the output of this exercise reported to the Aegon UK Group Board Risk and Capital Committee.

Risk management objectives and policies

AISL's risk management objectives and policies are set out, as required by MIFIDPRU 8.2.1, in the sections that follow for the categories of risk addressed by: MIFIDPRU 4 (Own funds requirements); MIFIDPRU 5 (Concentration risk); and MIFIDPRU 6 (Liquidity).

Own Funds requirements

Own Funds (also referred to as capital resources) is the type and level of regulatory capital that must be held to absorb losses. The firm is required to hold own funds in sufficient quantity and quality in accordance with MIFIDPRU which sets out the characteristics and conditions of own funds.

The Own Funds held by the firm comprises ordinary share capital and accumulated reserves in line with MIFIDPRU 4. At the 31 December 2024 AISL held no inadmissible assets and had no restrictions on Own Funds. Appendix A presents the composition of regulatory own funds as at 31 December using the template under MIFIDPRU 8 Annex 1R.

The firm monitors its Own Funds capital requirements on a regular basis and reports the results at least quarterly to the Executive Risk and Capital Committee. This includes actual business performance to date, business forecasts for future periods and any known changes in regulatory requirements.

The firm calculates its risk exposure amount, required within the Own Funds requirements calculation, as the higher of the following:

A. Base Capital Requirement (£150k)

B. Fixed Overhead Requirements – 25% of the fixed overheads of the preceding year

C. 'K-factor' Capital Requirements - The requirement is determined by a defined set of calculations categorising 'K-Factors' to the risk they pose to clients, the market and the firm.

The K-Factors covering the 'risk to client' are relevant to the business undertaken by AISL, including holding client money, client assets and processing client orders. The K-Factors covering the "risk to market" and "risk to firm" are not applicable to AISL, largely because it does not participate in trading activity on its own account.

AISL's Own Funds requirement as at 31 December 2024 was £1,915k (31 December 2023: £1,963k) as set out below.

Own funds requirement	Capital requirements (£000)	Comments
K-Factor	1,915	See table below
Fixed Overhead Requirements (FOR)	1,097	25% of the annual fixed overheads of the firm
Base Capital Resource requirement	150	
Requirement	**1,915**	**The highest of the above three**

K-Factor requirement	Capital requirements (£000)
Assets Under Administration	1,471
Client Money Holdings	433
Client Orders	11
Total	**1,915**

Overall financial adequacy rule

The overall financial adequacy rule under MIFIDPRU 7.4.7 requires that 'A firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

(a) the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and

(b) the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants'.

The Internal Capital Adequacy and Risk Assessment (ICARA) is the process under which the Board oversees and regularly assesses AISL compliance with the overall financial adequacy rule. This process includes the assessment of:

- the appropriateness of systems and controls to identify, monitor harms related to the ongoing operations of the business or the winding down of the business;
- the adequacy of the firm's financial resources for the business it undertakes;
- the firm's processes and strategies;
- the major sources of risks faced by the firm that may impact its ability to meet its obligations; and
- the results of internal stress testing of these risks.

Scenario analysis and stress testing are performed as part of the ICARA to assess the firm's exposure to extreme events for the relevant major sources of risk. The outcome of this testing is to ensure that appropriate mitigating factors are in place. Any residual risk can then be mitigated by holding capital against these risks.

The outcome of the ICARA is formally approved by the Board at least annually, with more frequent reviews if there is a material change in the firm's business model or operating model.

Concentration risk

This is the risk that exposure to sectoral, geographic, liability and asset concentrations increase the firm's exposure to credit risk. AISL accepts that it does have concentrations of exposures to banking counterparties, fund managers and institutional clients which could give rise to an increased level of potential credit risk. However, the firm attempts to minimise this risk by maintaining a diverse portfolio of client relationships. AISL's range of distribution channels mitigates against risk concentrations associated with particular channels.

Liquidity risk

This is the risk that the firm, although capital adequate, either does not have sufficient available resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. AISL is exposed to liquidity risk in respect of payment obligations to its clients and product providers and the settlement timing of corresponding cash inflows and outflows. Therefore liquidity risk arises primarily due to the requirement to fund client money and client asset shortfalls, under client money rules.

The firm expects to be able to meet its payment obligations under extreme but plausible liquidity scenarios. AISL conducts stress testing against a range of potential liquidity risk events and scenarios on an ongoing basis as part of its liquidity risk management process.

Remuneration policy

The following disclosures are made in accordance with the requirements of MIFIDPRU 8.6.

Governance

As described above, the Remuneration Committees continue to operate at Aegon UK level under IFPR.

Aegon UK is governed by the Group Global Remuneration Framework (the 'Remuneration Framework'), which outlines Aegon's remuneration philosophy and principles, as well as its approach to remuneration in general. The Group Global Remuneration Framework is reviewed at least every two years. In reviewing the Remuneration Framework, approval from the Group Board is also sought periodically. The Board of Directors is assisted by internal experts from the Global Human Resources department, the Group Key Functions and, if necessary, by independent external consultants to be selected by the Group Board. At the UK level, Aegon UK will involve external consultants such as Willis Towers Watson to provide benchmarking data to ensure that remuneration is aligned with the external market.

The 'Remuneration Framework' is aligned with the strategic aims and ambitions of the Group Strategy, its HR Strategy and Aegon's purpose. Aegon's Remuneration Framework is designed to support Aegon's purpose and strategy, and accordingly it seeks to:

- attract, retain, motivate and reward a highly qualified and diverse workforce;
- align the interests of executives, managers and all other staff with the business strategy and risk tolerance, values and longer-term interests of Group as a whole, as well as those of the individual country unit concerned; and
- provide a well-balanced and performance-related compensation package to all our staff, taking into account shareholder and other stakeholder interests, relevant regulations, the Group corporate responsibilities and corporate value.

The Remuneration Framework is supported by a governance framework for remuneration, described in the 'Aegon Group Governance for Risk Alignment of Remuneration Policies and Practices' document. All Remuneration within Aegon UK (including employees acting on behalf of AISL) is overseen by the Aegon UK Group Remuneration Committee.

Decisions of the Aegon UK Group Remuneration Committee are taken by a quorum of independent Non-Executive Directors and Aegon Ltd shareholder representatives.

The Aegon UK Group Remuneration Committee is empowered by the Board to:

- approve the design of, and determine the targets for, any performance related pay schemes operated by an Aegon UK Group entity and approve the total annual payments made under such schemes;
- provide levels of remuneration sufficient to attract, retain and motivate executives of the quality required to operate each Aegon UK Group entity successfully, but avoid paying

more than is necessary for this purpose;

- ensure that the total remuneration package of an individual accurately reflects the risks for which they are responsible and does not promote or reward excessive exposure to risks;
- ensure that the performance related elements of remuneration are in accordance with FCA and regulatory best practice and are designed to align their interest with those of shareholder and promote the long-term success of the Aegon UK Group entity and provide incentives to perform at the highest levels; and
- review the terms of executive service agreements from time to time with the aim of ensuring that contractual terms on termination and any payments made are fair to the individual and the relevant Aegon UK Group entity; that failure is not rewarded; and that the duty to mitigate loss is fully recognised.

The Aegon UK Group Remuneration Committee met 3 times in 2024. In setting remuneration packages for individual employees, Aegon UK adopts a job evaluation approach. All roles are evaluated according to recognised job evaluation methodology and are then benchmarked against industry data to ensure that total reward (fixed compensation, variable compensation, and contractual benefits) is appropriate to the particular role and local market conditions. This part of the process uses externally prepared market survey data interpreted by Aegon UK.

The Remuneration Framework contains general guidelines which apply to all staff. Additionally, dedicated guidelines are in place, detailing amongst others the structure of compensation and requirements for target setting, which apply to specific groups of staff. These groups are:

- Executive Board;
- Material Risk Takers, whose actions have a material impact on the risk profile of the firm; and
- Staff in Key Functions, i.e. Risk, Compliance and Audit and Actuarial Functions.

The list of Material Risk Takers is reviewed and approved annually by the Remuneration Committee. The list of Material Risk Takers is determined according to a set of criteria to identify those persons who are involved in effectively running the undertaking, who hold key functions or whose roles and responsibilities have a material impact on the risk profile of the organisation.

Remuneration packages within Aegon UK are categorised into fixed and variable compensation.

Fixed compensation includes: Basic Salary, Employer Pension Contributions and contractual benefits. Fixed compensation remunerates the specific scope and responsibilities of the role, reflecting the experience and professional skills of the individual. This includes base salary, fixed allowances and unconditional shares as fixed compensation.

Variable compensation is any type of remuneration that is not fixed. It includes participation in a performance bonus scheme appropriate to the employee’s role. Variable compensation aims to remunerate pay for performance by linking short and longer-term results to Group, Aegon UK, and personal performance indicators. Variable compensation can consist of a short-term and/or longer-term component.

Variable compensation paid to Aegon UK employees is from a bonus pool determined by firm performance. The funding of the pool is determined by performance against financial and non-financial business indicators, which are agreed by the Aegon UK Remuneration Committee at the start of each performance year. They are aligned to Aegon UK and Group's Medium-Term Plan.

The allocation of individual awards to employees from the bonus pool is determined by personal performance against a set of personal performance objectives that are set to ensure the successful delivery of Aegon UK and Group's Medium Term Plan.

The following performance indicators are used at Group and Aegon UK level:

- Financial performance indicators consist of unadjusted financial performance indicators and risk-adjusted financial performance indicators. Non-financial performance indicators will originate in the longer-term business and sustainability strategy of Group and Aegon UK.
- Individual targets are used to distribute the available variable compensation funds from the pool to the individual. The actual amount of variable compensation to be allocated to an is individual dependent on their performance against their personal goals for the relevant year, their performance rating, the applicable bandwidths for awards based on that rating and the available funds in the bonus pools.

Other forms of variable compensation such as sign on bonuses, retention bonuses, and variable severance pay are only permitted in exceptional circumstances and are subject to strict governance. Variable compensation is limited to a maximum percentage of Basic Salary for all employees.

The UK performance indicators reflect Group and UK financial performance, engagement survey results and a measure linked to our sustainable future. Aegon UK performance indicators are very closely aligned to the Group performance indicators, continuing a simplified set of bonus pool indicators, with strong alignment to overall Aegon Group strategy and market commitments. Group and UK targets cover the Aegon Group and Aegon UK. The personal performance objectives for Material Risk Takers cover Aegon UK and their personal contribution.

It is recognised that variable compensation may have an impact upon risk taking behaviours and as such may undermine effective risk management and can lead to excessive risk taking which can materially impact financial soundness. The risk of (variable) remuneration touches on both these elements of the risk tolerances as defined within Aegon. To avoid any unwarranted risk effects of the Remuneration Framework and practices, the Risk, Compliance, People and Finance Functions are involved in the design and execution of the remuneration policies and practice.

Ex-ante and Ex-post risk adjustment of remuneration

Risk assessments are performed at the outset of each performance year on both the overall design of the bonus plan and on the individual performance objectives of the executive and material risk taker population. These assessments will consider whether the bonus plan design and the personal performance objectives are aligned to Aegon's Medium Term Plan and whether the bonus plan design and individual performance objectives are aligned to encouraging good outcomes for customers, the shareholder and other stakeholder groups. It considers in particular whether the bonus plan design is aligned to Aegon's Global Remuneration Framework and whether the bonus plan design is compliant with applicable legislation and regulation.

Risk assessments are performed both at the end of each performance year and at the point that prior year deferred remuneration is due to vest. Risk modifier adjustments may be made on an individual or on a collective basis to the bonus scheme outcomes either at the end of the performance year, or at the point prior year deferred remuneration is due to vest. These assessments will take into account matters such as risk events, risk reports, audit reports, material restatement of financial results, individual conduct matters or other significant matters that may not have been sufficiently reflected in the initial assessment or performance or that had they been known would have affected either bonus scheme or individual outcomes in respect of a particular performance year. Where issues are identified after deferred remuneration has vested, clawback may be enforced to reclaim all or part of awards that have been paid out.

These risk assessments at Aegon Group and Aegon UK level are executed by the Group and Aegon UK Key Functions at regulated moments, to ensure effective management and mitigation of risks related to remuneration. Any decisions on the allocation, vesting and pay-out of Variable Compensation to Material Risk Takers and Other Staff within Aegon Group made by Boards, the Executive Boards and/or Group Boards should be made only after careful consideration of the outcomes of these risk assessments.

In severance situations, Aegon UK will review each situation based on its own facts and circumstances, taking into account legal advice where appropriate, and that as a matter of principle we aim to avoid rewards for failure, will act in accordance with contractual obligations e.g. regarding notice periods, and that redundancy payments may apply if a role becomes redundant (as defined in Aegon's redundancy policy) and that in all severance cases deferred Variable Compensation is subject to industry standard good/bad leaver treatment.

Performance conditions and performance adjustments ('malus and clawback')

The remuneration committee have reviewed the malus and clawback provisions in place for Executive Director and Material Risk Taker incentive plans. Awards are subject to malus and clawback provisions with input from risk teams to support these considerations.

Malus

Aegon will apply malus adjustments after the performance year has ended and prior to vesting.

Malus assessments will be applied to Variable Compensation before vesting. Full or partial malus will be applied in the following exceptional situations:

- the person has failed to meet the appropriate standards of competence and correct behaviour;
- the person was responsible for conduct that has resulted in a significant decline in the company's financial position;
- the payment(s) was based on incorrect information on the fulfilment of the criteria and/or

conditions for the payment(s); and/or

- the payment(s) of such compensation would be unacceptable according to the principles of reasonableness and fairness.

The malus risk assessment at individual level is mostly a qualitative assessment and is executed annually. The malus risk assessment may lead to a smaller portion of or even zero variable compensation compared to the amount originally budgeted for. Following allocation, the variable compensation paid remains subject to a further malus (in case of deferred variable compensation) and clawback (in case of variable compensation already paid out or vested) assessment.

Clawback

Aegon will apply any clawback adjustments upon incident only. It is a qualitative assessment that can happen at Group/Aegon UK level or Individual level. The assessment is carried out by Group Risk.

If the execution of a clawback risk assessment is warranted, a general clawback risk assessment which is to be applied at Aegon UK level or firmwide, is completed by Group Risk level in consultation with Group Finance, while the need for individual clawbacks is also assessed at reporting unit levels.

Any clawback is executed only upon incident, such as individual gross misconduct or conduct that has resulted in a significant deterioration of the position of the undertaking. Clawback will be applied in the following exceptional situations:

- the person has failed to meet the appropriate standards of competence and correct behaviour;
- the person was responsible for conduct that has resulted in a significant decline in the company's position;
- the payment(s) was based on incorrect information on the fulfilment of the criteria and/or conditions for the payment(s);
- the payment(s) of such compensation would be unacceptable according to the principles of reasonableness and fairness; and/or
- a restatement of a Financial Reporting Measure (Financial Reporting Measure: any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equity holder return).

The clawback may involve short-term (upfront) variable compensation, as well as longer-term (deferred) variable compensation. Any clawback is executed only upon incident, such as individual gross misconduct or conduct that has resulted in a significant deterioration of the position of the undertaking.

Quantitative remuneration data

AISL has identified nineteen employees who were deemed to be 'Material Risk Takers' during 2024, two of whom were also directors of the firm during the year. These individuals are not remunerated directly by AISL and employee contracts are held with Aegon UK Corporate Services Limited (AUKCS), a fellow subsidiary of Aegon UK plc. AUKCS recharges all of the costs it incurs to UK based Aegon companies based on the resources the companies use. The amounts disclosed below represent the amounts that have been recharged to AISL by AUKCS for the year ended 31 December 2024.

Remuneration includes salary, benefits, bonus awards, compensation in respect of loss of office and long term incentive schemes.

Please note all Material Risk Takers are senior management therefore there are no other Material Risk Takers.

	Fixed remuneration	Variable remuneration	Total remuneration
	£'000	**£'000**	**£'000**
Senior management	208	18	226
Other staff	2,306	192	2,498
Total	**2,514**	**210**	**2,724**

There were no severance payments or guaranteed variable remuneration awards made to Material Risk Takers in 2024.

aegon

Appendix A

Composition of regulatory own funds			
	Item	**Amount** **£'000**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	11,557	Statement of financial position
2	**TIER 1 CAPITAL**	11,557	Statement of financial position
3	**COMMON EQUITY TIER 1 CAPITAL**	11,557	Statement of financial position
4	Fully paid up capital instruments	4,000	Note 9 to the financial statements
5	Share premium	-	
6	Retained earnings	7,557	Statement of changes in Equity
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	**ADDITIONAL TIER 1 CAPITAL**	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	**TIER 2 CAPITAL**	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
	Amount (GBP thousands)	**Balance sheet as in published/audited financial statements**	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at period end 31 Dec 2024	**As at period end 31 Dec 2024**	
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Other assets and receivables	1,392		
2	Cash and Cash Equivalents	11,831		
	Total Assets	**13,223**		
Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
1	Income tax payable	813		
2	Trade and other payables	853		
	Total Liabilities	**1,666**		
Shareholders' Equity				
1	Issued share capital	4,000		4
2	Retained Earnings	7,557		6
	Total Shareholders' equity	**11,577**		1

Own funds: main features of own instruments issued by the firm
Own funds consist of allotted, issued, called up and fully paid ordinary shares with a nominal value of £1 which are all held by the parent firm. Issued Share capital makes up £4,000k of own funds and represents 4,000k shares.