



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 2020. 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) of the Act states 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 personnel 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 benefitted 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.

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 personnel who provide services to other UK based Aegon companies, including Scottish Equitable plc, a fellow subsidiary of Aegon UK plc.

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, concluded during 2020 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:

- Expanding our Inclusion & Diversity programme during 2020 to focus on several additional communities with numerous I&D events and initiatives supported using technology throughout 2020.
- 'Employee Voice' has received significant focus during 2020 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 in 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 terms and conditions of employment and employee total reward packages are positioned at competitive levels.
- The Company engages with employees on at least a half yearly basis 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 an annual event for all employees that covers 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.