

# Aegon Holdings (UK) Limited

## Corporate Governance Disclosures

This statement presents corporate governance disclosures included in the annual report for Aegon Holdings (UK) Limited for the year ended 31 December 2019. The Companies (Miscellaneous Reporting) Regulations 2018 requires these disclosures to be included in Aegon Holdings (UK) Limited's (the Company) statutory accounts 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

New corporate governance reporting requirements were introduced under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") and 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"); and
- ii) how the Directors have engaged with customers, suppliers and others.

These new requirements apply to the Company reporting for financial years commencing on or after 1 January 2019. Disclosures addressing point (i) are presented below.

### 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 is the holding company of Aegon UK plc which, through its subsidiaries, undertakes pension, protection and savings business and asset management in the United Kingdom.

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, regulators, 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 a proposal to pay dividends to the Company's shareholder, where relevant Board papers highlighted the criteria against which the proposals had been tested. Further details regarding how the Directors demonstrated their responsibilities under s172 as part of this proposal are presented as follows:

- In terms of the consideration of the likely consequences of any decision in the long term, the Board considered the financial implications of the proposal. The Board also benefited from a review of the proposed dividend payment from the Risk function.
- In terms of the impact of the proposed dividend payment on the interests of employees, the Company has no employees, but the Board considered the impact of a strongly capitalised parent company on future investment support and future recruitment activity.
- The impact on the shareholder of the Company and the ultimate beneficial owner of the Company, Aegon NV, was also considered. Shareholders expect companies to return profits

- to them and the Company's ability to pay a dividend to its shareholder was a sign of its financial strength and success.
- The impact on other suppliers to the Company was appropriately considered by the Board, including the ability of the Company to pay its debts as they fall due.
- The impact of the proposed dividend on the community and the environment was appropriately considered by the Board. The ability of the Company to pay a dividend to its shareholder is evidence of its strength and longevity thereby securing employment in the community and will allow it to continue to support other community and broader environmental initiatives.
- The Board also considered that its careful consideration of the decision to pay a dividend to its shareholder would enhance its reputation for high standards of business conduct.