

# Aegon UK plc

## Corporate Governance Disclosures

This statement presents corporate governance disclosures included in the annual report for Aegon UK plc 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 plc (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 stakeholder's 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.

Aegon UK Corporate Services Limited (AUKCS), a subsidiary of Aegon UK plc, provides services to the Aegon UK Group and in particular employ those personnel who provide services to the Company. Therefore, as the Company has no employees under contracts of service, it is those personnel that are referred to as employees throughout this statement.

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 who provide services to the Company, the community and the environment) and risk and capital implications of the matters in the paper. During the year, the Company rolled out a new strategy and the template for Board papers was updated to require the paper author to set out how the key points in their paper align with the purpose and strategic pillars of the Company. 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 Board also, as part of its corporate governance framework, has a training plan in place. This ensures that each year the Directors receive regular training from subject matter experts on a wide range of topics, which in 2020 included training on Cloud data storage and also on Environmental, Social and Governance matters. Such training helps to ensure that the Directors are kept up to

date regarding the range of matters to be taken into account in respect of each decision they are asked to make.

The approach described above assisted the Directors with their consideration of the business' response to the Covid-19 pandemic. The Board received a number of papers and presentations on this and these papers highlighted the implications of the actions taken by the UK and Scottish governments in light of the Covid-19 pandemic and, in particular, the guidance that employees should work from home if possible. Further detail on how the Directors demonstrated their responsibilities under s172 is presented as follows:

- In terms of the consideration of the likely consequences of any decision in the long term, the Board considered the financial impact on the Company of the Covid-19 pandemic and the actions taken by the Company as a result of it that is, the vast majority of employees working from home following the government's lockdown restrictions being imposed ("lockdown");
- In terms of the impact of the lockdown on the interests of employees, the Board considered the impact on employees' wellbeing and their ability to undertake their role effectively on a working from home basis. Throughout lockdown, the Board has ensured that employees have been offered physical and mental wellbeing support, including regular 1-1 meetings with their manager by telephone or video conference call and practical support such as setting up a comfortable working from home environment through the provision of equipment.
- As the Company has no customers the impact on the customers of the Company was not considered by the Board.
- The impact on the shareholder of the Company and the ultimate beneficial owner of the Company, Aegon N.V., was also considered. Aegon N.V. issued a global work from home instruction to its employees to help all employees stay as safe as possible.
- The impact on suppliers to the Company was appropriately considered by the Board, and support was offered to an in-house supplier to enable it to continue to provide its services to the Company. The Board considered the potential local reputational risks of this due to its interpretation of what was considered "essential services" which could continue to be provided during lockdown and was satisfied that the service provided by the supplier was indeed essential in nature.
- The impact of Covid-19 on the community and the environment was appropriately considered by the Board. The Board considered that employees working from home would protect the community and the broader environment by reducing opportunities for transmission of the Covid-19 virus. Aegon UK Corporate Services Limited, a subsidiary the company, made - on behalf of the company - additional one-off gifts of £100k each to each of the Royal Voluntary

Service and the Trussell Trust to support them with their efforts to relieve the impact of Covid-19 on those most seriously affected.

- The Board did not have to consider the need to act fairly between members of the Company as there is only one member and it is ultimately beneficially owned by Aegon N.V..

For more information regarding the Board's consideration of:

- employees refer to the 'Statement of engagement with employees and other stakeholders' below. This outlines, amongst other things, the main methods the Directors have used to engage with employees; and
- the Company's suppliers, customers and others refer to disclosures in the 'Statement of engagement with employees and other stakeholders' 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 Shareholder.

## **Statement on engagement with employees and other stakeholders**

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

Aegon UK Corporate Services Limited (AUKCS), a subsidiary of the Company, provides services to the Aegon UK Group and in particular employ those personnel who provide services to the Company. Therefore, as the Company has no employees under contracts of service it is those personnel that are referred to as employees throughout this statement.

It is Aegon's policy to ensure equal opportunities for all employees of the Aegon UK Group. The only criteria considered for the recruitment or provision 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 operates a hybrid between a formal work force advisory panel and a designated non-executive director for workplace engagement. One of the Board's non-executive Directors has taken on the role of strengthening the Board'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.
- Wellbeing support provided to our employees throughout the year to support them in managing the impacts of the Covid-19 pandemic, including the creation of a Wellbeing Hub bringing together support and benefits provided to employees, provision of additional paid dependants' leave, provision of online health check and GP services and the operation of a second Cycle to Work enrolment window during July 2020, and the creation of a self-funded furlough scheme for any employee unable to work for personal reasons.
- 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 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 employee to ask questions of the Executive.

In respect of engagement with suppliers, the Directors regularly review Management Information on the Company's and its subsidiaries' relationships with key suppliers. This informs them of the status of the relationship with each key supplier and their current performance against, amongst other things, service levels. The Board is also regularly updated regarding the key activities being undertaken by

the Company to continually improve its approach to supplier management in order to ensure protection for its customers, including Risk Assessments and Contingency Plans. During 2020, the Board requested that Management undertake a detailed review of supplier resilience in light of the Covid-19 pandemic.

In respect of engagement with customers, the Company does not have any so this is not directly relevant.

In respect of engagement with regulators, the Company does not have any as it is not regulated.

In respect of engagement with shareholders, the Board has two shareholder representatives on it and receives at each meeting an update from Aegon N.V.. In addition, the CEO is a member of the Management Board of Aegon N.V. and regularly engages with Aegon N.V. in respect of the key issues facing the Company. This enables the Board to take into account as appropriate the perspective of the shareholder in respect of the matters for its consideration.

The implications for the Company's stakeholders (which includes without limitation, its employees, suppliers, and shareholder) of matters presented to the Board for decision must be included in all board papers. This is explained more fully in the Strategic report with examples of the effect of the effect of the consideration of such factors on some key decisions taken by the Company during the year.