

Scottish Equitable Holdings Limited

Corporate Governance Disclosures

This statement presents corporate governance disclosures included in the annual report for Scottish Equitable Holdings 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 Scottish Equitable Holdings 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 is the holding company of Scottish Equitable plc which provides corporate and individual pensions and protection products 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 the Company's Strategic Report, Directors Report and Financial Statements where relevant Board papers highlighted the risk, capital and customer implications. Further details regarding how the Directors demonstrated their responsibilities under s172 as part of this proposal 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 have been prepared. The Board also benefited from a report from the Company's Auditors on findings from their audit

- In terms of the impact of the Company's financial results 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 financial results and the post year end dividend were 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 Company's financial results on the community and the environment was appropriately considered by the Board. The Board considered the Company's financial results and post year end dividend are evidence of its strength and longevity thereby securing employment (through Aegon UK Corporate Services Limited, a fellow subsidiary of Aegon UK plc) 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 Strategic Report, Directors Report and Financial Statements would enhance its reputation for high standards of business conduct.

Statement on engagement with employees and other stakeholders

In respect of engagement with shareholders, the Board has a shareholder representative on it and receives regular updates 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, suppliers, customers, and shareholder) of matters presented to the Board for decision must be included in all board papers. This is described in the Strategic report with an example of the effect of the consideration of such factors on some key decisions taken by the Company during the year.