

Aegon Group Compliance Charter

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For further information Global Head of Compliance

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Summary

These Quick Reference Charts give a summary of the most important information on the role, responsibilities and governance of the Compliance Function.

Vision, strategy and mandate

Our vision and strategy

In achieving Aegon's goals and ambitions, Aegon's senior management has the responsibility to comply with laws and regulations, to meet legitimate expectations from stakeholders and by doing so to ensure the integrity of its organization, clients, employees and markets.

The Compliance function, working as second line global function supports Aegon's senior management in this responsibility. It helps Aegon play by the rules. The function ensures that management and staff receive the information they need to understand and act in compliance with relevant laws and regulations, Aegon's Code of Conduct and internal policies.

Our mandate

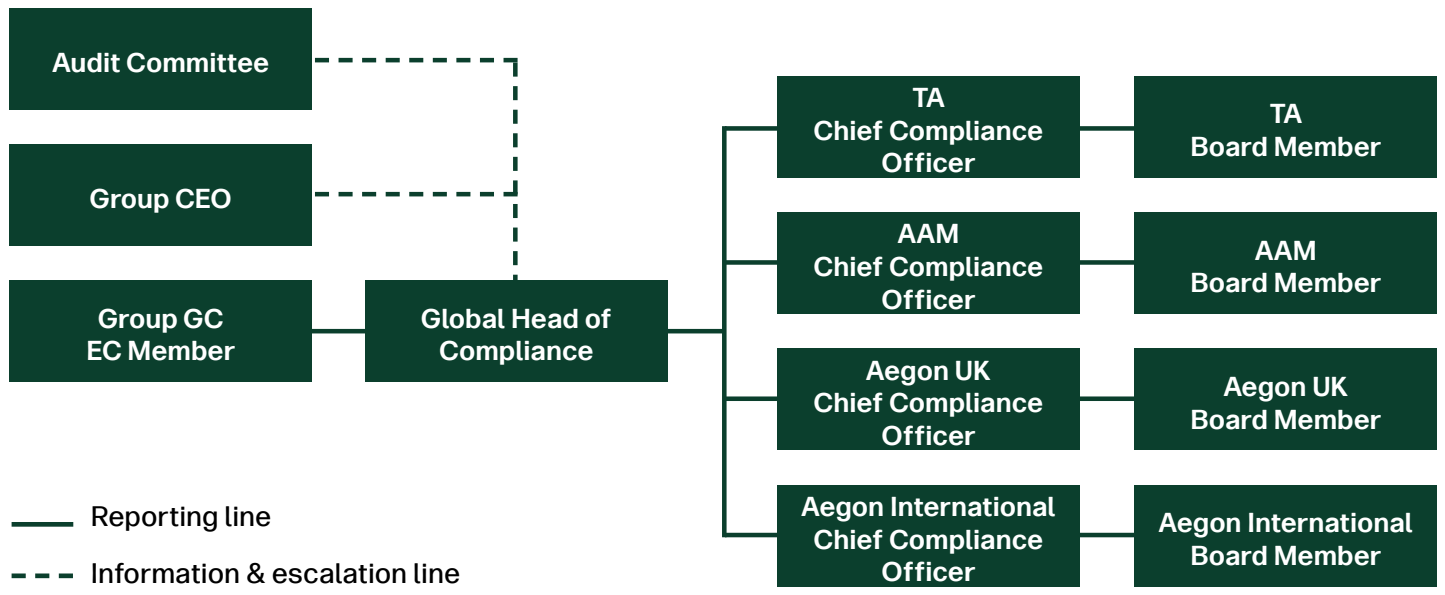
Scope: The Compliance function is the function which is responsible for fostering the integrity of the organization, its clients, its employees and the markets in which Aegon operates, in this responsibility aiming to ensure that Aegon operates within its integrity risk tolerance.

Activities: The Compliance function is responsible for identification and assessment of regulatory developments and associated integrity risks, compliance policy development and corresponding implementation, training and awareness programs, advising and supporting the business and for second line monitoring, reporting and remediation actions on compliance with regulations and internal policies

Core KRIs	Description
Remediation	Overdue significant audit issue and SIRA Actions
Enforcement	Material regulatory fines or actions
Compliance	Material breach of laws / regulations (including late implementation)
Client integrity	Unlawful business relationship or transaction
Employee integrity	Misconduct (e.g. internal fraud, disputable expenses, insider dealing)
Market Conduct	Breach of Market Conduct principle

Core Standards	Description
Compliance Manual	Describing how we operate our function
Integrity Risk Appetite Statement	Setting appetite and tolerance levels for integrity and Compliance risks
Group Compliance policies	Key requirements for managing Compliance risks, refer to Aegon Global Policy House

Governance



1. Context

1.1 Aegon's corporate framework

The purpose of the charter and of the defined governance principles is to create 'Accountability within the framework'. Business empowerment takes place within a clearly defined Group corporate framework, which is owned and created by the Functions in close consultation with the businesses and approved by the Board.

1.2 Aegon's functional governance principles

Activities within Aegon are underpinned by a governance framework which enables the Group to operate in a unified way. The Group is guided by eight key principles on functional governance.

1. The overall operating model of Aegon Limited aims to empower business units within the overall group direction on strategy, capital allocation, frameworks, policies and guidelines; the concept governing the operating model of Aegon Limited is therefore known as "Accountability within the framework"
2. Aegon's operating model has business units, functions and a corporate centre (Group / Aegon Limited). Each have their role to ensure strategic alignment, outstanding performance and sound group control and business practices. All are under the Governance of the Board and the Executive Committee.
 - Group:
 - Sets Group strategy, allocates capital, sets group targets and provides policies and frameworks;
 - Determines functional mandates;
 - Drives overall performance and strategy implementation;
 - Delivers overall Group safeguarding & risk management;
 - Makes top team decisions; and
 - Provides shareholder services
 - Business units:
 - Are fully accountable for all aspects of their own businesses, within the overall group strategic framework;
 - This includes responsibility for Profit & Loss, Balance Sheet, Managing Risk and ensuring Compliance; and
 - Develop local strategies within the group strategic framework as well as operating plans, and ensure implementation of such strategies and plans
 - Functions:
 - Support business units in a matrix organization whereby functions are organized within the business but led by a global functional line from the corporate centre

3. Functions operate within a clear mandate, set by the Board and the Executive Committee:
 - Functions are responsible for developing policies, frameworks and standards in collaboration with the business units;
 - Functions support and oversee implementation of such policies, frameworks and standards in the business units and set functional KPIs/KRIs;
 - Functions are responsible for the quality of their function as well as talent development within their functional lines; and
 - Functions ensure an effective and efficient collaboration with the business units (fit for purpose)
4. Local functional heads report to their local CEO and have a solid reporting line to the Global Function head
 - Hiring, firing, is governed by the “it takes two to hire, two to fire” principle, except in Control Functions (see # 5 next);
 - The local CEO takes the lead in the processes regarding target-setting, performance appraisal and remuneration decisions; and
 - The Global Function head provides input and consent. In case of disagreement, escalation takes place to the Group CEO
5. Some Functions are “control functions” – Finance, Risk, Audit, Legal & Compliance, HR; these functions operate similar to other functions with respect to KPI setting, performance appraisal and remuneration for the local function heads with one important exception:
 - They operate under the “it takes two to hire, one to fire” principle; this means that the Global control Function head can fire a local control function head without consent of the local CEO, providing that this is allowed under local regulations. The local CEO cannot fire a local control function head without consent from the Global Function head.
6. Business units, Functions and Corporate Centre have a shared responsibility to limit bureaucracy to the necessary minimum, and to ensure agility and effectiveness
7. Functions and Businesses should optimize for economies of skill & scale
 - We keep functional activities as close to the business as possible to optimize for ownership;
 - Functional resources and expertise should be pooled where loss of ownership is limited and one of the following conditions is met:
 - The benefit of pooling is high (e.g. cost saving, improved efficiency, etc.)
 - There is a need for a unified oversight of the tasks or unified external representation
 - Due to legal/regulatory requirements
 - In-between layers should be avoided as much as possible, bearing in mind regulatory constraints for some functions;
 - SSC/CoE employees are an integral part of the functional organization and should be treated as such (i.e., the primary governance is with the function); and
 - SSC/CoE’s could be location independent

8. Functional budgets are managed as part of the RU overall budget rather than as part of overall global functional budget
- Local functional leaders should provide budgetary transparency to global functional leaders to facilitate insights into spending priorities, possible savings, efficiency and pooling opportunities;
 - Local CEOs should specify how allocated budget allows the local function to deliver on its role, objectives and control duties [if relevant]; and
 - Global functional initiatives and pooled services that benefit multiple RUs / the Group overall, are decided by the Executive Committee and are financed via RU budgets, with RUs participating on a mandatory basis once a decision has been set; business case and costs of global initiatives need to be clearly detailed before being presented to the Executive Committee

This charter is based upon these principles.

2. Purpose and mission statement Compliance function

2.1 Purpose

In achieving Aegon's goals and ambitions, Aegon's senior management has the responsibility to ensure that Aegon and its employees comply with laws and regulations, meet legitimate expectations from stakeholders and by doing so ensure the integrity of the organization and all of the persons who act on its behalf to the fullest extent and its interactions with its stakeholders

The term stakeholders is to be understood in a broad sense and includes - not limitative - Aegon's clients, employees, suppliers, supervisors and regulators, but also society in the larger meaning of the word.

This charter describes the responsibilities of Management, employees and Compliance Officers with respect to the management of compliance risks, and specifies the mandate given by the Executive Board to the Compliance function

2.2 Mission statement

The Compliance function supports Aegon in being compliant with applicable laws, regulations and reasonable expectations of society at large by ensuring that it does the right things, the right way with integrity. This entails that every employee within Aegon respects the letter and spirit of applicable laws, regulations, as well as policies, standards and the Aegon Code of Conduct. The Compliance function as a second line global function assists Aegon's senior management, the first line of Aegon in this responsibility.

As a second line function the Compliance function will typically be responsible to :

- Develop the policies and guidance for the specific compliance risk and control area;
- Objectively challenge the execution, management and control processes and coordinate the reporting of risks and controls by the first line;
- Have escalation/veto power when business activities present unacceptable risks to Aegon.

The compliance function helps Aegon play by the rules. The function advises and challenges the management and further staff to ensure that Aegon is up to standard and acts in compliance with all relevant laws and regulations, Aegon's Code of Conduct and internal policies.

3. Compliance risk

Compliance risk is the risk of impairment of Aegon's integrity, leading to damage to Aegon's reputation, legal or regulatory sanctions, or financial loss, due to a failure (or perceived failure) to comply with applicable laws, regulations and standards.

4. Roles & responsibilities with respect to compliance risk management

4.1 Role and responsibility of Management

- Within the boundaries set and in accordance with the advices and instructions of the Compliance function, Management is responsible for the effective management of the compliance risks by acting promptly and diligently upon identified compliance issues and breaches;
- Management timely involves the Compliance function in matters causing compliance risks;
- Management actively promotes an integrity-led risk culture where all employees understand their roles and responsibility in managing compliance and integrity risks;
- Management is responsible to ensure that the present Charter is implemented by providing the Compliance function with proper status, sufficient staff, budget, resources and support to execute the tasks in accordance with this Charter;
- Management must set-up, communicate and apply a disciplinary process in case of compliance breaches i.e. non-compliance with applicable internal or external requirement(s);
- Management takes into account with significant weight in the annual performance appraisal process whether each employee has duly met the applicable compliance requirements.

4.2 Responsibilities of every employee (1st, 2nd and 3rd LoD)

- Every employee is responsible to manage compliance risks and to comply with the letter as well as the spirit of applicable laws and regulations, Aegon Code of Conduct, Aegon policies and standards , Aegon Risk Appetite, and with related Compliance advices and instructions;
- Every employee must participate in regular compliance training and make sure to understand how to live up to the compliance requirements that impact his/her daily business activities;
- Every employee should timely report on compliance-related concerns, issues and failures.

4.3 Roles and Responsibilities of the compliance function

- These are discussed in this charter.

5. Authority & capabilities of Compliance Officers

5.1 Independence

Compliance Officers must function with independence and should have the proper status to be effective. They should (ultimately) report to a Senior Manager who is not in charge of any commercial activities and to the next higher level Compliance Officer.

5.2 Investigate & Challenge

The Compliance Officer investigates and challenges the circumstances that give rise to compliance risks (including the Compliance risk culture). If an identified compliance issue is not promptly addressed either in root cause and/or resolution due to disagreement between 1st and 2nd LoD, the Compliance Officer and/or Management shall escalate to the next higher level. The business will follow the Compliance instructions. In transactional situations in which the Compliance function/ MLRO is involved, Compliance has the authority and duty to approve or block a transaction. Compliance Officers can request Internal Audit to perform specific audit/review.

5.3 Escalation & veto

When an issue is escalated, the Compliance Officer and next higher level Compliance Officer decide whether a proposed course of action would result in a high or unacceptable compliance risk that should prevent Management from proceeding. If such a veto is given, Management must postpone the execution of the proposed action until the issue is resolved at the next higher level. Independently from formal escalation, the Compliance Officer has the right to immediately veto a proposed action that would result in a high or unacceptable compliance risk.

5.4 Access

Compliance Officers have unrestricted access to all activities, data and information in their area of responsibility. This includes e.g. access to relevant premises, documentation, data, systems, Management and employees that Compliance Officers reasonably believe is necessary to execute their responsibilities effectively. Compliance Officers have access to relevant Board(s) and Committee(s) to raise matters of material significance. In case of disagreement about access rights, the escalation process described above is to be followed.

5.5 Liaison & partnering

Compliance Officers liaise with regulators and industry bodies. They participate, where possible, in industry meetings to foster the exchange of knowledge about regulations and to deepen Compliance knowledge. The Compliance Officers collaborate with Legal, HR, Tax, ORMM, IRM, CSI, and other risk functions to provide integrated risk management services without duplication and or to support on topics where there are mutual responsibilities

6. Sope and responsibilities of Compliance function

6.1 Scope of the Compliance function

Organizational scope

The Compliance function has been defined as Global Function. The Compliance function is present as a second line function at Group level and Regional level. This Charter addresses all levels.

Scope of responsibilities

Roles and responsibilities of the Compliance function:

- Instructions - The Compliance function instructs Management and employees on compliance related requirements to ensure that they act in accordance with laws, regulations and Aegon risk appetite as defined in Aegon Policies, including keeping them informed on developments in the compliance area.
- Policy setting, training/awareness & support - The Compliance function assists in
 - Educating employees on compliance issues,
 - In acting as contact point for compliance queries, and in
 - Establishing mandatory policies, minimum standards and/or written guidance on the appropriate implementation and embedding of the compliance-related requirements;
- Identification, assessment & mitigation/remediation -
 - The Compliance function advises and challenges the identification, documentation and assessment of the compliance risks associated with Aegon's activities;
 - It supports and monitors to ensure that Management and employees are investigating, adequately mitigating and/or promptly remediating compliance issues identified;
 - The function provides compliance sign-off or veto in approval and review processes relating to governance changes, material projects as well as developments of products or services;
- Monitoring & reporting - The Compliance function monitors the adherence to applicable laws, regulations, policies, the Aegon Code of Conduct, as well as the effectiveness of the compliance-related controls. It reports the results of the monitoring activities in line with requirements;
- Statutory responsibilities & liaison - The Compliance function has often specific statutory responsibilities defined by local regulators (e.g. Money-Laundering Reporting Officer). It liaises with relevant external bodies, including regulators, peers, industry bodies and external experts

The Compliance function is functionally covering the integrity risk area.

Integrity risk within Aegon is defined as: the threat to the reputation of, or the current or future threat to the capital or the results of a financial institution due to insufficient compliance with the rules that are in force under or pursuant to the law and regulations, internal company rules and policies governing its operations and established good business practices.

Integrity risk within Aegon covers the following levels of the Operational Risk Universe:

- Legal, regulatory, conduct and compliance risk (2.0)
- Financial crime risk (4.0)

In addition to that, Compliance considers other relevant risk categories with distinctive regulatory requirements, such as Reporting, Outsourcing (e.g. risk of non-compliance with outsourcing regulations) and Personnel risk (e.g. risk of unfit or improper persons in key roles).

Within Aegon we divide the compliance risks into 4 categories of conduct-related integrity risks: Customer conduct & Financial crime, Market Conduct, Employee Conduct and Organizational Conduct. The subject matters within the Compliance function's scope of these four categories and the Governance & prudential (reference to risk taxonomy), are indicated in the table below.

	Customer conduct & Financial crime	Market conduct	Employee conduct	Organizational conduct	Governance & Prudential
Regulatory areas in scope of the compliance function	AML & CTF (4.4)	Marketing & sales conduct (2.2)	Code of Conduct (2.3)	Market abuse (2.4.2)	Governance, including:
	Sanctions (2.5)	Advisory services (2.2)	Anti-bribery & corruption (2.3.4)	Anti-trust & competition (2.4.3)	Key functions
	Claim & application fraud (4.3)	Transparency of products (offerings) (2.2)	Individual conflict of interest, gifts & entertainment (2.3.4-2.3.5)	Substantial shareholding (2.4.2)	Conflicts of interests in governance (2.4.1)
		Duty of care (2.2)	Insider dealing (2.3.1)		Remuneration (2.4.6)
		Distribution (2.2)	Internal fraud (4.1)		Disclosures & reporting (5.3)
			Whistleblowing (2.3.3)		Prudential requirements (e.g. Solvency II, CRD, FCD)
Compliance Framework	Regulatory change management, SIRA, policy setting, training & awareness, advise & support, monitoring, reporting, remediation				

Compliance with laws, regulations, Aegon policies and standards that relate to other risk types than those mentioned in the table above are outside the responsibility of the Compliance function; such responsibility is allocated to other support functions. In some countries the local regulators may require closer involvement and oversight of the Compliance function in the out-of-scope obligations. In such a case, the local Compliance function needs to work closely with the responsible functions to ensure due compliance with local regulatory requirements.

Laws & regulations	Support function
Labor	Group HR
Civil	Group Legal
Tax	Group Tax
Privacy (e.g. GDPR)	Group Privacy Office
Accounting regulations and standards (e.g. IFRS)	Group Finance
Corporate Governance Code	Group Legal

Periodic self-assessment by Group functions at Group level

Group Compliance co-ordinates a periodic self-assessment procedure at Group level, in which these support functions assess the process of identifying, assessing and adopting new and changed laws & regulations in their area of expertise. Group Compliance challenges outcomes of these self-assessments and monitors timely resolution of any identified gap.

In performing this self-assessment the group functions may build on assessment activities performed by Audit, OMRM and others.

The scope of the Regional Compliance function may differ depending on local (regulatory) requirements, subject to approval by the Global Head of Compliance.

6.2 Key accountabilities, expected outcomes, and responsibilities

In realizing the objective of the function, the following roles are important:

- Advise the Board and the Executive Committee on:
 - The (potential) impact of regulatory and compliance developments on Aegon;
 - The development of a Compliance Framework (refer to section 4) that encompasses the relevant regulatory requirements and integrity risks pertaining to Aegon and serves as a standard for all entities of Aegon;
 - The status of Aegon's compliance with laws, regulations and appropriate group policies, including the Code of Conduct.
- Support & facilitate the Board and the Executive Committee, and Regional Management and the business in the implementation, maintenance and embedding of the Compliance Framework;
- Monitor & challenge the Board and the Executive Committee, Regional Management Boards and the business (in cooperation with local teams) on the implementation and effectiveness of the Compliance Framework.

Overview of specific accountabilities and responsibilities Global Head and Local Heads

#	Accountability	Description	Impact	Responsibilities		
				Corporate Centre	Pooled services	Local Compliance Head BU
1	Governance & compliance universe	Starting point is aligning the function with the goals and strategy of the organization. Within that framework, a supporting governance ensures the function being resourced and empowered for its purpose, and by describing the compliance (regulatory) universe the scope of the function is defined, which is necessary for creating clear understanding about the role of the compliance function and its relation to other functions.	Timely identification of regulatory changes.	Establishes and maintains Regulatory Change Management system ("Connected Risk").	Not applicable.	Allocates sufficient resources to local Connected Risk workload (including Monitoring and Reporting).

#	Accountability	Description	Impact	Responsibilities		
				Corporate Centre	Pooled services	Local Compliance Head BU
2.	Risk identification & assessment	The function is responsible for identification and assessment of integrity risks and ensuring adequate business response by mitigating actions. To be able to guide the business, the compliance function sets the risk appetite including the risk tolerance for integrity risks, which are ultimately approved by senior management.	Timely identification and assessment of key compliance and integrity risks in order to take remedial actions to manage compliance risks within set tolerance levels.	Develops, maintains and co-ordinates yearly Systemic Integrity Analysis (SIRA) process and tooling Creates global SIRA-report. Monitors timely closure of identified mitigating actions.	Not applicable.	Co-ordinates SIRA process in BU as per mandatory global SIRA-process and tooling. Creates BU SIRA-reports. Monitors timely closure of identified mitigations actions.
3.	Compliance policies & standards	The compliance function is owner of a set of compliance policies. It develops and maintains compliance related policies and standards, takes care of oversight on implementation and monitors compliance with these policies.	Clear compliance framework with key requirements for meeting regulatory obligations and managing compliance risks.	Sets compliance policies & standards and seeks approval by Board/ Executive Committee.	Not applicable.	Contributes to compliance policies & standards setting. Transposes global policies and standards into local policies and standards if required.

#	Accountability	Description	Impact	Responsibilities		
				Corporate Centre	Pooled services	Local Compliance Head BU
4.	Training & awareness	In fostering integrity throughout the company, the compliance function provides necessary training and awareness activities in the compliance domain.	Employees fully aware of regulatory obligations and compliance risks and how to manage these.	Develops and maintains global compliance training and awareness plan, including supporting systems (Absorb, SkillSoft).	Not applicable.	Contributes to global compliance training and awareness plan and develops and maintains specific local training and awareness program.
5.	Advise & support	The compliance function advises senior management (among which are Board and the Executive Committee) and other stakeholders on existing regulations, regulatory developments and status of compliance with the Compliance Framework and it supports and facilitates in implementing activities.	Senior management is aware on status of compliance framework in a timely manner to take remedial actions where required.	Timely advises senior-management at Group level on status of compliance framework.	Not applicable.	Timely advises BU-management on status of compliance framework. Informs Global Head Compliance on key advises.

#	Accountability	Description	Impact	Responsibilities		
				Corporate Centre	Pooled services	Local Compliance Head BU
6.	Monitoring	The function monitors and challenges business on compliance with regulations (in scope of the function) and internal policies to establish that integrity risks are managed within tolerance levels.	Integrity and compliance risks are managed within risk tolerance; breaches are identified and acted upon in a timely manner.	Establishes and executes global team's compliance monitoring program.	Not applicable.	Contributes to global compliance monitoring plan develops and executes specific local compliance monitoring plan.
7.	Reporting	The compliance function gives periodically and in a well-structured way insight in day to day operations, main risks and incidents and the status and effectiveness of the function. Incidental reporting on investigations and incidents is part of the reporting activity of the function.	Senior management is aware on status of compliance framework in a timely manner to take remedial actions where required.	Establishes and executes quarterly reporting process. Immediately reports compliance risks and incidents nearing/ breaching tolerance levels to senior management.	Not applicable.	Creates quarterly reporting report as per mandatory global reporting template and timelines. Immediately reports compliance risks and incidents nearing/ breaching tolerance levels to BU-management and Global Head Compliance.

#	Accountability	Description	Impact	Responsibilities		
				Corporate Centre	Pooled services	Local Compliance Head BU
8.	Remediation & improvement	Where necessary, the function takes care of (supporting business in) remediation actions. It is focused on learning from incidents.	Compliance incidents are resolved in a timely manner and lessons-learned/root-causes are considered for improving compliance framework.	Oversees root-cause analyses of compliance incidents and identified remedial actions at global level.	Not applicable.	Oversees root-cause analyses of compliance incidents and identified remedial actions at BU level.

Overview of specific accountabilities and responsibilities Global Head and BU CEO

#	Accountability	Description	Impact	Responsibilities	
				Global Function head Compliance	BU CEO
1	Governance & compliance universe	Refer to previous table.	Refer to previous table.	Establish regulatory change process and supporting system to identify regulatory changes and monitors timely implementation.	Allocates sufficient 1st line resources for assessing impact of regulatory changes and execution of timely implementation.
2.	Risk identification & assessment	Refer to previous table.	Refer to previous table.	Develops, maintains and co-ordinates yearly Systemic Integrity Analysis (SIRA) process. Monitors timely closure of identified mitigating actions.	Allocates sufficient 1st line resources for identification and assessment of compliance & integrity risks as per SIRA-process. Accountable for compliance risk responses (e.g. accept, avoid, mitigate).
3.	Compliance policies & standards	Refer to previous table.	Refer to previous table.	Sets compliance policies & standards and seeks approval by Board/Executive Committee.	Allocates sufficient 1st line resources to implement key policy requirements.

#	Accountability	Description	Impact	Responsibilities	
				Global Function head Compliance	BU CEO
4.	Training & awareness	Refer to previous table.	Refer to previous table.	Develops and maintains global compliance training and awareness plan.	Accountable for timely completion of mandatory compliance training of all BU-staff.
5.	Advise & support	Refer to previous table.	Refer to previous table.	Timely advises senior-management on status of compliance framework.	Accessible for compliance advice and accountable for follow-up.
6.	Monitoring	Refer to previous table.	Refer to previous table.	Establish and executes global compliance monitoring program.	Enables full access to any information and resources required to execute monitoring program and is accountable for follow-up on identified issues.
7.	Reporting	Refer to previous table.	Refer to previous table.	Establish and executes quarterly reporting process. Immediately reports compliance risks and incidents nearing/ breaching tolerance levels to senior-management.	Allocates sufficient time in board meeting to discuss quarterly compliance report and any follow-up action deemed necessary.
8.	Remediation & improvement	Refer to previous table.	Refer to previous table.	Oversees root-cause analyses of compliance incidents and identified remedial actions.	Allocates sufficient 1st-line resources to root-cause analyses of compliance incidents and identified remedial actions.

7. Operating elements

7.1 Key processes

In order to ensure an Aegon Group wide aligned compliance process and manage integrity risks effectively, Compliance has defined a globally applicable Compliance Framework in addition to this Charter and as described below.

The purpose of the Compliance Framework is to define in more detail the different responsibilities of the Compliance function, and how the Compliance function operates and interacts at Group and Regional level. A clear documented Compliance Framework will help to gain a better understanding of the structure, governance and roles & responsibilities of the Compliance function.

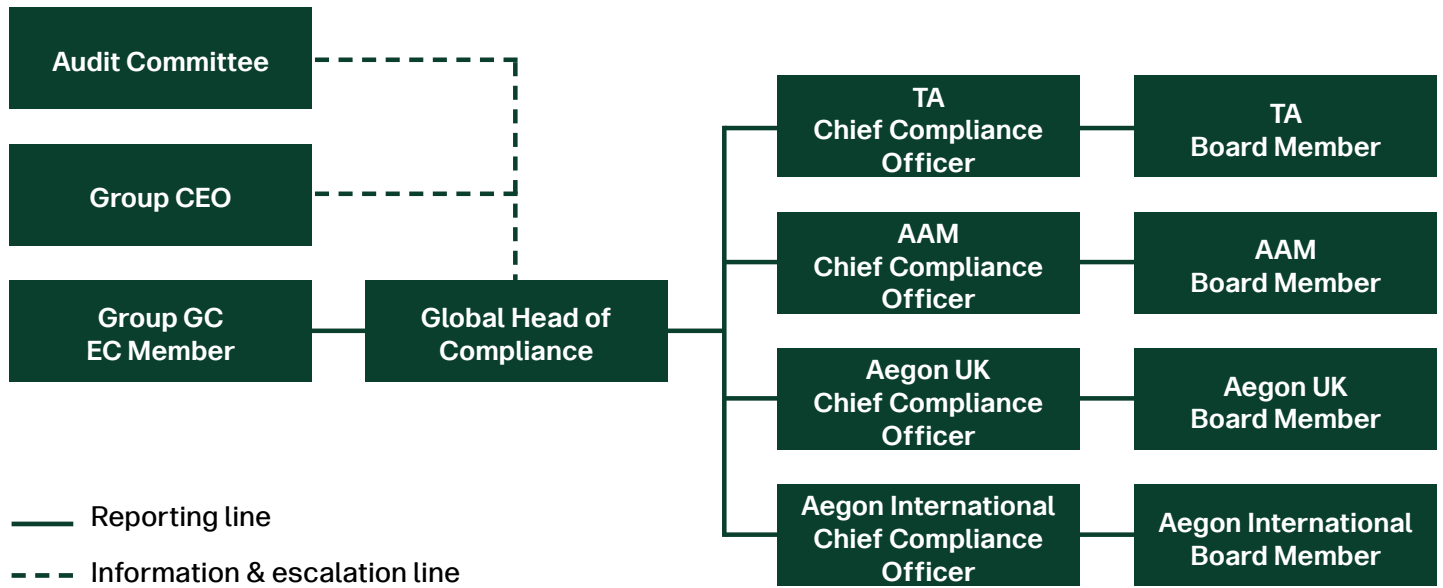
The Framework covers Aegon Group, e.g. Corporate Center (CC) and all Regions. This means that both at Group level as well as at Regional level, employees should be familiar with the content of the Framework.

The Framework, including all compliance products, processes and working methods, is extensively described in the Compliance Manual. The owner of the Compliance Framework is the Global Head of Compliance. The Charter and the Compliance Manual, including the Compliance Framework will be reviewed annually by the Global Head of Compliance and updated if and when required.



7.2 Organization and people

Positioning of the Compliance Function



Both BUs and Functional heads have responsibilities with regards to core organization and people activities:

- Hiring and Firing local Function head;
- Goal setting and performance review within the function;
- Reward decisions;
- Capacity / capability management - local resource needs in terms of knowledge, skills, etc.;
- Ensuring consistency in knowledge transfer through training and methodologies;
- Defining the training curriculum;
- Identification and development of functional talent, both for local as well as the global talent pool; and
- Organizational design of the function

In alignment with the Functional Governance principles, the division of responsibilities with regards to core organization and people activities is as follows:

#	Accountability	Description	Responsibilities	
			Global function head	BU CEO
Functional leadership				
1	Hiring of Local Function Head	Appointment of a specific individual into role of local function head.	Provides input into required profile and selection criteria. Decision for a candidate must be unanimous with Global Function Head and in compliance with all other governance.	Initiates and manages hiring process. Decision for a candidate must be unanimous with Global Function Head and in compliance with all other governance.
2	Firing of Local Function Head	Removing the local function head from their role.	Can take a local control function head out of their role without the consent of the BU CEO, providing this is allowed by local regulations.	Can take a local control function head out of their role, but only with the consent of the Global Function Head. Manages termination or transfer process according to local policy.
3	Performance management Local Function Head	Formal performance management processes such as target-setting, development planning and appraisals.	Provides (detailed) input for 1) targets in alignment with functional priorities, 2) performance feedback, incl. target realization and rating 3) development plans. Provides consent before these are finalized. Escalates to Group CEO if there is disagreement.	Takes the lead in all formal performance management processes, collects input and obtains consent from the Global Function Head for target-setting, performance appraisal, rating and development. Escalates to Group CEO if there is disagreement.
4	Remuneration Local Function Head	Compensation & Benefits upon appointment and subsequent changes.	Gives consent to remuneration upon appointment, merit increases and variable compensation. Escalates to Group CEO if there is disagreement.	Takes the lead in remuneration decisions, collects input and obtains consent from the Global Function Head. Escalates to Group CEO if there is disagreement. Ensures decision is made in compliance with all other (local) governance.

#	Accountability	Description	Responsibilities	
			Global function head	BU CEO
Quality of the function				
5	Capability management	Availability of required knowledge and skills.	Sets the standard in regards to the required capabilities to effectively manage the function. Initiates gap assessments, approves action plans and monitors follow-up. Owner of global functional people programs.	Ensures - with the Local Function Head - that the function meets the standards set by the Global Function Head. Develops and executes on build, borrow and buy strategies to address gaps.
6	Capacity management	Availability of resources.	Sets the standard for functional deliverables. Monitors and ensures that functional standards are delivered upon.	Ensures - with the Local Function Head - that the function meets the standards set by the Global Function Head. Provides transparency in how allocated budget allows the local function to deliver.
7	Talent management & Succession planning	Assessment and development of talent and building of the succession pipeline.	Responsible for succession pipelines in the function. Monitors the quality of local talent development. Knows key talents and facilitates development opportunities. Drives cross functional movement, including international mobility.	Responsible for - with the Local Function head - development planning of individuals in the local function. Consults Global Function Head on 9-box placement, local succession and development plans. Ensures local talent decisions (e.g. exchanges) support building of global succession pipeline.

#	Accountability	Description	Responsibilities	
			Global function head	BU CEO
Organization of the function				
8	Organizational design of the local function	Hierarchical structure, governance and way of working.	Identifies opportunities for pooling of resources over BUs in alignment with Functional Governance principles. Collects input from BU CEO. Initiates decision-making in Executive Committee.	Takes the lead - with Local Function Head - in ensuring the local function is organized in an effective, efficient and compliant manner, incl. alignment with Functional Governance principles. Collects input from Global Function Head on significant changes.

7.3 Shared services within the Compliance Function – scope and value add

Group Compliance (Corporate Center) acts as a Centre of Excellence and sets global policies and standards and acts as a Shared Service Center for the following areas:

- Functional ownership for global Compliance systems, e.g.:
 - Finscan (Sanctions Screening);
 - Absorb, Skillsoft (Learning platform);
 - Connected Risk (Regulatory Change Management);
 - FundApps (Substantial Shareholding); and
 - SIRA-tooling (inhouse tooling to support SIRA)

Main policies and frameworks of the Compliance function:

Core Standards	Description
Compliance Manual	Describing how we operate our function
Integrity Risk Appetite Statement	Setting appetite and tolerance levels for Integrity and Compliance risks
Group Compliance policies & standards	Key requirements for managing Compliance risks, refer to Aegon Global Policy House

7.4 Governance of the Group Compliance function / committees (if relevant)

The committee structure of the Compliance Function is outlined below:

Committees with formal mandate	Reference	Remarks
Non-Financial Risk Committee (NFRC)	See NFRC Charter	Compliance agenda setting and secretary role
M&A Review Committee (MARC)	See MARC Charter	
Disclosure Committee	See System of Governance Manual/Solvency II Reporting, Governance and Disclosure Policy	Including Disclosure Working Committee and Disclosure Team (in this last one Compliance agenda setting)
Non formal committees and consultations		
Solvency II Technical Forum	Informal consultation	See Solvency II Reporting, Governance and Disclosure policy on how documents are going through governance
Bilateral OMRM - Compliance		Quarterly
Heads of OMRM, Audit, M&A, Compliance		Monthly

7.5 Authority and escalation Group Compliance

The Compliance function is an independent function.

Independence of the Function Holder at Group Level, e.g. the Global Head of Compliance, is safeguarded through:

- Independent reporting into Board, Executive Committee and Audit Committee of the Board (BAC);
- In-person quarterly presence in Board meeting and BAC;
- Escalation procedures into the CEO, BAC Chair and full BAC (as warranted);
- Endependent quarterly meeting with the BAC Chair;
- Independent quarterly meeting with the external accountant and Group Supervisor, if such meeting is to take place;
- Approval of the BAC Chair in hiring and firing of the Global Head of Compliance (as applicable);
- Seat, secretary role and agenda setting in the Non-Financial Risk Committee (NFRC) (monthly);
- Seat in other relevant committees, including M&A Review Committee (MARC) and Disclosure Working Committee, Disclosure Committee and Disclosure team; and
- The Compliance function does not have a voting or deciding role in first line decision making

The reporting line is into the Group General Counsel, who is a member of the Executive Committee and holds no direct responsibility for a business unit or for commercial or other financial results and whose work does not involve taking risks.

Appendix A Function Specific

1. Purpose of the Charter

The purpose of this Charter is to define the nature, role, responsibilities, status and authority of the Compliance Function within Aegon Group and to outline the scope of its activities, including local versus corporate center responsibilities.

2. Description of sub-functions

Not applicable.

3. Ownership, maintenance and authorization of the Charter

The owner of the Charter is Global Head of Compliance. This Charter will be maintained and reviewed annually by Group Compliance and updated if and when required in consultation with Global Leadership Team Compliance. All updates will be approved by the Board.

Appendix B General

1. Common governance

Three Lines model

In order to ensure conscious risk-return decisions and limit the magnitude of potential losses within defined levels of risk tolerance, Aegon's approach to risk management follows the enterprise-wide principle of three lines- 1) risk ownership, 2) risk management, and 3) independent assurance.

The first line is the business and consists primarily of the risk owners. Within the first line, business management is directly responsible for the processes on which achievement of the company's objectives depends. With respect to risk management, they are responsible for risk identification, risk assessment and the control of all material risks in their area of activity, consistent with applicable risk tolerances and risk policies. Consequently, business management has the primary responsibility for systems of internal control and risk management and acts in practice as the first line to prevent unwanted risk events from having an unexpected impact on the Company's results.

At Aegon, the following Functions fall within the first line: Chief Actuary, Finance, General Counsel, HR, IT, and Tax.

The second line facilitates risk management by developing, maintaining, and overseeing compliance with group-wide risk governance, risk tolerances, risk policies and risk methodology, which are applicable to all businesses for which Aegon has operational control. The role of the second line is also to maintain objectivity in business decisions and to ensure appropriate risk management information.

At Aegon, the following Global Functions fall within the second line: Risk Management, Underwriting Risk Management, Operational & Model Risk Management, and Compliance.

The third line, the Internal Audit Function, provides independent assurance opinions on the effectiveness of the systems of internal control and risk management.

The three lines model within Aegon is primarily activity based and organized in a manner that allows the risk management, compliance, actuarial and internal audit functions to exercise their duties with integrity (impartial and objective) and with access to all required information and management levels without fear of retaliation. While the second and third line will never be actively taking risks, in particular the second line may set boundaries and methodologies for risk taking and measurement and perform activities to validate proper application thereof. Where this could result in (perceived) conflicts of interests, additional safeguards are taken to foster integrity of the function.

Furthermore, the size and complexity of entities and functions within the organization can be a consideration in applying the three lines model throughout the organization, as well as any differences in requirements between frameworks applicable to banking, insurance and asset management activities. Especially in smaller country units and business lines, but also in highly specialized business areas and functions, there are by definition limited resources available that may necessitate to have in part first line activities performed by second line functions, or vice versa. This application of size and complexity considerations is justified, provided that the second line responsibilities can be exercised with the required level of integrity and/or with sufficient (access to) specialty knowledge.

Approval requirements

In order to facilitate the corporate governance obligations of Aegon laid down in, among others, the Company's articles of association, the Board Regulations, certain local resolutions of the SBUs are subject to prior written approval by the Board. This is documented in the Aegon Approval Requirements document and can impact the roles and responsibilities of the Global Functions.

2. Reporting

The Board must have appropriate knowledge about the outcome of managing the day-to-day operations and the actual risks being addressed, as well as the effectiveness of the function within the Aegon Group as a whole. For this purpose, structured and regular reporting from the Functions to the Board is required.

Group level

The Functions report periodically to the Board and their respective committees. There are two types of reporting:

- Structured and regular reporting on managing day-to-day operations within Aegon's risk tolerances, material issues that need management's attention, incidents and related investigations. Serious incidents are reported immediately. The Group function is responsible for reporting events/incidents with a significant impact to the external regulator, in line with regulatory requirements. Before reporting to the external regulator, the Global Function Heads will consult with the Board.
- Reporting on the status and effectiveness of the function throughout Aegon (at least annually), including developments and the impact on the Aegon organization, and areas for improvement.

Business Unit

Like the Functions on Group level, the Local Function Heads have the responsibility to report to their BU Management Board, next to their Functional reporting line to the Global Function Head.