

# Scottish Equitable plc

## Corporate Governance Disclosures

This statement presents corporate governance disclosures included in the annual report for Scottish Equitable plc for the year ended 31 December 2025. The Companies (Miscellaneous Reporting) Regulations 2018 requires these disclosures to be included in Scottish Equitable plc'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

Corporate governance reporting requirements under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") apply to companies meeting specific qualifying conditions. The Company meets these qualifying conditions and is required in its Annual Report to include disclosures on:

- i) corporate governance arrangements;
- ii) how the Directors have had regard to the matters in section 172 (1)(a) to (f) of the Companies Act 2006 (the "Act");
- iii) how the Directors have engaged with employees; and
- iv) how the Directors have engaged with customers, suppliers and others.

Disclosures addressing points (i) and (ii) are presented immediately below. Disclosures addressing points (iii) and (iv) are presented in the 'Statement on engagement with employees and other stakeholder's' in the section that follows.

## (i) Corporate governance arrangements

The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860) include mandatory reporting on corporate governance for certain large private companies. The Company meets the definition of a large private company. Under section 26(2) of these Regulations, the Company can choose not to apply a corporate governance code, explain the reasons for that decision, and explain what arrangements for corporate governance are applied. The Company's corporate governance framework has used the UK Corporate Governance Code as the basis for its framework, but the Company has not formally applied any corporate governance code. The Company has a governance framework for monitoring and overseeing strategy, conduct of business standards, and operations of the business that includes the following arrangements:

- a clearly stated corporate organisational structure, and written terms of reference for the Board and its Committees, with appropriate delegated authorities;
- an Aegon UK Group Audit Committee, the members of which are Non-executive Directors, which oversees internal control and financial reporting matters and provides audit committee services to the Board in respect of the Company;
- an Aegon UK Group Board Risk and Capital Committee, the members of which are Non-executive Directors, which oversees risk and capital matters and provides risk and capital services to the Board in respect of the Company;
- a Board succession plan is in place and reviewed regularly against Independent Non-Executive Directors' tenure (with a maximum of 3 periods of 3 years in the role);
- a detailed recruitment process for new Independent Non-Executive Directors is also in place and is managed by the General Counsel and Company Secretary. Benchmarking data is used to appropriately position salaries and, under the Aegon UK Governance structure, an Aegon UK Remuneration Committee (consisting of three independent Non-Executive Directors and one Group Non-Executive Director) oversees and approves their remuneration;
- a Nomination Committee, which is responsible for leading the process for appointments to the Board and for overseeing succession planning for the Board and senior management. During the year, the Committee maintained oversight of Board composition and director tenure, including consideration of independence and length of service, and reported to the Board on these matters. The Committee is responsible for ensuring that appointment processes are formal, rigorous, and transparent. External search consultancies are used where appropriate to support appointment processes. The Committee's responsibilities include oversight of the Board performance review process.
- two governance forums, Scottish Equitable Policyholders' Trust (SEPT) in relation to with-profits and the Independent Governance Committee in relation to the value for money of workplace pensions;

- a Risk Management function providing a second line of defence, independent of business operations and with responsibility for monitoring and reporting of risk;
- a Regulatory Risk team, which is part of the second line of defence, with responsibility for managing the relationship with key regulators, contributing to strategic change, establishing and maintaining the financial crime framework and monitoring and reporting on compliance with regulations;
- a forward-looking Regulatory Development Group that identifies and mitigates risks from future political and regulatory change; and
- an Internal Audit function which provides independent and objective assurance over the complete control framework reporting to the Chair of the Aegon UK Group Audit Committee and with direct access to all Executive members, including the Chief Executive Officer.

2025 Board membership and attendance at scheduled meetings for the key Aegon UK (AUK) boards and committees

	AUK Group Board *	AUK Group Remuneration Committee	AUK Group Nomination Committee	AUK Group Board Risk & Capital Committee	AUK Group Audit Committee	AUK Group Investment Committee	With Profits Forum
Christina McComb	11/11	4/4	**	-	-	-	-
Theresa Froehlich	10/11	4/4	**	5/5	-	-	-
Helen Heslop	11/11	4/4	**	5/5	10/10	-	-
Mike Davies	11/11	-	-	5/5	10/10	-	4/4
Nick Blake	10/11	-	-	-	-	4/4	4/4
Frances Davies	7/9	-	-	-	4/8	3/3	-
Michele Bareggi	3/5	1/2	-	-	-	-	-
Mike Holliday-Williams	11/11	-	-	-	-	-	-
Jim Ewing	11/11	-	-	-	-	4/4	-

*Michele Bareggi was appointed to the AUK Group Board as the Aegon Group representative and a Non-Executive Director with effect from 13 May 2025. He was unable to attend two AUK Group Board meetings and one AUK Group Remuneration Committee meeting due to commitments scheduled prior to joining the Board.*

*Nick Blake was unable to attend one AUK Group Board meeting due a commitment scheduled prior to joining the Board.*

*Theresa Froehlich was unable to attend one AUK Group Board meeting due to scheduling commitments.*

*Frances Davies stepped down from the AUK Group Board on 30 September 2025.*

*\* The table above shows attendance at the scheduled meetings of the Board during the year. In addition to these meetings, the Board held a number of ad hoc meetings to consider specific matters.*

*\*\* The Nomination Committee did not formally meet during the financial year. Matters within the Committee's remit were considered by the Committee and where appropriate, approved by members via written resolutions and the Board where necessary. The Board remains satisfied that the size, composition, and succession planning of the Board and its committees continued to be appropriate throughout the year.*

As a financial institution, the Company is also required to comply with rules and guidance issued by the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA), which include high level standards covering Principles for Business and Senior Management Arrangements, Systems and Controls and requirements for the way the firm conducts its business.

## **(ii) Section 172(1) Companies Act 2006 Statement**

Section 172 (1) requires that: 'A director of a company must act 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 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 an issue 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 fellow subsidiary of Aegon UK plc, provides services to the Aegon UK Group and in particular employs 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 Chair of the Board ensures there is a well-planned and comprehensive Board agenda in place each year that addresses strategic, regulatory and operational matters. During 2025 the Board focussed on the continued oversight of the Strategic Plan, the Transformation programme, growth initiatives, including Mylo, financial performance and reporting, risk, capital, and regulatory matters, consumer duty, and major projects and change initiatives.

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. 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 matters, points for

discussion, stakeholder implications (stakeholder implications covering, the Company's customers, suppliers, regulators, employees, the community, and the environment), risk and capital, and any Consumer Duty 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 Board also, as part of its corporate governance framework, has a training plan in place. This ensures that each year the Directors participate in a well-structured training plan run by the Company Secretary to ensure that Directors are fully up to date on all regulatory changes and director requirements.

In addition to the Aegon UK regulatory board training programme, the Board also participate in deep dives and presentations from subject matter experts on a wide range of topics, including Investment Strategy, Pricing and Medium-Term Plan (MTP). Such training helped to ensure that the Directors were kept up to date regarding the range of matters to be taken into account in respect of each decision they were asked to make.

The approach described above assisted the Directors to act in good faith. Further detail on how the Directors demonstrated their responsibilities under s172 is as follows:

- The Board retained a consistent focus on the long-term consequences of decisions, particularly in areas of strategy, investment, regulatory compliance, technology, customer outcomes and risk management characterised by careful planning, ongoing monitoring, and a willingness to adapt as required;
- The Board demonstrated awareness of and commitment to employee interests through the consideration of workforce engagement, organisational culture, the impact of transformation and simplification, balancing operational needs with support, communication, and the long-term security of employees;
- In terms of fostering the Company's business relationships with suppliers, customers and others, the Board consistently discussed strategies to enhance customer engagement and outcomes, in particular in the roll out of Mylo as a transformative tool for long-term customer engagement and ongoing adherence to Consumer Duty standards. In terms of relationships with suppliers and others, these were considered by the Board through its overview of operational resilience, supplier management and relationships with intermediaries, advisors and consultants, including Employee Benefit Consultants (EBCs);
- In terms of impact of the Company's operations on the community and environment, the Board had oversight of the application of Responsible Investment, Stewardship, the climate roadmap, net-zero commitments, biodiversity, and the integration of ESG to ensure that environmental reporting was comprehensive, transparent, and aligned with leading standards. The Board also received updates on the Company's programmes of community outreach including the Company's Charity Partnerships and volunteering to ensure that this was meaningful and multi-layered; and

- The Board ensured that high standards of business conduct were maintained through rigorous management of conflicts of interest, transparent governance processes, careful review and approval of key document and regulatory submissions, proactive audit, risk and compliance oversight, ethical decision making, open engagement and transparent communications with regulators, ongoing focus on culture and continuous improvement.

The approach described above also assisted the Directors with their consideration of our investment proposition. We are pleased with the strength and ongoing evolution of this, and with the depth of Board engagement on this topic throughout 2025. The Board gave sustained attention to the direction of travel for our default strategy (including private markets), the governance and stewardship standards that underpin it, and the practical implications for delivery and member communications, reflecting the importance we place on delivering strong long-term outcomes underpinned by robust governance.

In line with section 172, the Board considered the likely long-term consequences of key investment decisions by discussing, at the May 2025 Board Strategy Day, how our strategy should differentiate, including the integration of private market investments into core default offerings, and by returning to this in September 2025 through a detailed discussion of the private markets strategy and the proposed target allocation, commissioning a Board teach-in to support informed oversight. There was also a Board investment teach-in in March 2025.

The Board's engagement also supported effective execution by ensuring the organisation had clarity on what was required to deliver the strategy well (including the request for a detailed implementation plan covering asset classes, allocation approach, timing, expected risk/return, fees and communications).

In considering stakeholder impacts, the Board took account of the need to foster strong relationships with customers and other stakeholders by reflecting external market input on what drives success (including the importance of investment as a differentiator) and by receiving regular investment governance updates through committee reporting.

The Board also had regard to the Company's wider responsibilities and the importance of maintaining high standards by approving the 2024 Stewardship Report (recommended by the AUK Group Investment Committee), demonstrating active oversight of our approach to stewardship and responsible investment practices.

## **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) require companies above a certain size to include information about engagement with employees, suppliers, customers, and other stakeholders.

Aegon UK Corporate Services Limited (AUKCS), a fellow subsidiary of the Company, provides services to the Company and the other companies in Aegon UK Group, including employing those personnel who provide services to the Company.

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 promotion of employees 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 colleagues 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.

Employees are a key stakeholder of the Company. The Aegon UK Board has designated a Non-Executive Director as sponsor for workforce engagement and employee voice. The role includes meeting quarterly with colleague groups and with representatives of our recognised trade unions. The key themes discussed are shared with the Board to inform their decisions and ensure that the colleague voice is considered.

The Company engages with employees regularly for example through weekly email messages from the CEO to all colleagues and monthly line manager calls hosted by the CEO and his leadership team. On a quarterly basis the senior leaders of the Company meet in person. 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.

The following are examples of the Company's engagement with employees during 2025:

- Hosting our 'Big Tune In' town hall style events for all employees in September and October 2025, with the CEO personally delivering presentations on Aegon UK's strategy and business plans and offering all colleagues a chance to ask the Executive anything they wish.
- Consulting on and implementing a modernised colleague pension scheme and rolling out a comprehensive communication and education programme to support financial wellbeing for the long term.
- Launching our refreshed IED strategy and embedding this through positive actions, including creating an Inclusion, Equity and Diversity Leadership Committee, growing our range of colleague led networks and launching a diversity data collection campaign.

- Delivery of a holistic Wellbeing strategy, which brings together all dimensions on wellbeing, including promotional activity and the continued enhancement of our colleague benefits offering, with the launch of neurodiversity diagnosis and support services.
- Driving action against our engagement commitments for colleagues to ‘feel proud, supported, heard and inspired’. A key aspect of this is, supporting local leaders with tools including the ‘Lead to Engage’ playbook, which is designed to help leaders build engaged teams.

The Company operates a robust pay and grading framework, based on a recognised job evaluation methodology. Within this framework, we conduct annual benchmarking to ensure that terms and conditions of employment and employee total reward packages are aligned to the external market.

By means of regular communications and briefings with the independent trade unions, Aegis, Unite, and NGSU, Aegon has maintained its policy of providing information and consulting on matters likely to affect the interests of employees.

In respect of engagement with suppliers, the Directors regularly review Management Information on the Company’s relationship with its key suppliers. This informs them of the status of the relationship with each key supplier and their current performance against service level agreements or agreed service levels. The Board is also regularly updated regarding the key activities being undertaken by the Company to continually improve its approach to supplier oversight in order to ensure protection for its customers, including Risk Assessments and Contingency Plans.

In respect of engagement with customers, the Company has established a number of customer and adviser panels used to engage with customers and advisers on relevant issues. These are used, amongst other things, to help shape proposition developments. Aegon UK Group’s Independent Governance Committee (‘IGC’) acts as a customer advocate by reviewing whether workplace pensions provide value for money and makes recommendations to the Board regarding value for money for workplace pension scheme members.

In respect of engagement with regulators, the Company has regular engagement with its regulators and maintains an open dialogue with them. Such engagement includes periodic meetings with Board members and some of the Executive covering topics including, without limitation, governance arrangements, systems and controls, and risk and capital matters. These meetings enable the Company to understand the regulators’ perspective on the key issues which it faces in order that these can be taken into account in the matters before the Board.