Remuneration Report

The 2019 Remuneration Report from our Remuneration Committee on behalf of the Supervisory Board

The Hague, March 2020

Introduction

This report has been prepared by the Remuneration Committee of the Supervisory Board, which was led by the Committee's Chairman Ben J. Noteboom and was approved by the Supervisory Board. The Remuneration Committee restructured this report for 2019 in order to further increase its transparency and to comply with the latest rules, regulations and guidance on the (standardized) presentation of the remuneration report, including the Shareholder Rights Directive and related Dutch implementation Act.

In the first chapter the Remuneration Committee presents an overview of the business and remuneration highlights in 2019 and what is expected in 2020 in relation to remuneration. This is followed by chapter two which contains a general introduction to Aegon's Global Remuneration Framework, Human Resources Strategy, Remuneration Principles, the concepts of Total Compensation and Variable Compensation, Risk Management in relation to remuneration and remuneration of Material Risk Takers. The third chapter is the 2019 Supervisory Board Remuneration Report, which contains a summary of the Supervisory Board Remuneration Policy which applied to 2019, and the Supervisory Board remuneration over the recent years. The fourth chapter presents the proposed 2020 Supervisory Board Remuneration Policy. In chapter five, the 2019 Executive Board Remuneration Report provides a summary of the Executive Board Remuneration Policy which applied to 2019, the Executive Board remuneration over the recent years and the 2020 Executive Board performance indicators. The sixth and final chapter presents the proposed 2020 Executive Board Remuneration Policy.

1. Business and remuneration highlights

This chapter presents an overview of the business and remuneration highlights in 2019 and what is expected in 2020 in relation to remuneration.

2019 Business highlights

In 2019, Aegon continued its realignment for growth, launched new propositions, further improved customer service, and made important executive management appointments to guide Aegon into the next phase of development. Aegon operated in a challenging environment in 2019, with persistent low interest rates in our key markets. At the same time, we continued to execute on our strategy and we reached a number of important milestones, by simplifying Aegon's structure and adopting an even more proactive approach to managing our portfolio of businesses. (For a more detailed update, please see the 'Letter from our CEO and the 'Letter of Supervisory Board Chairman' in this 2019 Integrated Annual Report.)

Aegon's underlying earnings were impacted by low interest rates while Aegon experienced net outflows in the US retirement and annuity businesses. As a result the return on equity of 9.5% was below our target of 10%. However, Aegon increased the normalized capital generation which, combined with a number of management actions, enabled us to maintain a strong capital position. Commercial momentum has improved with an increase in new life sales. Net deposits were lower mainly due to contract discontinuances in Retirement Plans in the Americas, despite the fact that the gross deposits were higher compared to 2018. The market consistent value of new business has been lower due to Variable Annuities in the United States, reflecting the significant decline in interest rates, which led to negative margins. This was partially offset by higher margins on workplace business in the United Kingdom. Digitally connected customers increased strongly with more mobile application users in the United States and a continued increase of platform users in the Netherlands and UK. Lastly, the relational net promotor score (r-NPS) reached a record high as a result of our NPS improvement plans and better outsourcing agreements which increased service levels.

Business performance highlights	**2019**	2018
Net Deposits (in EUR million)	(25,130)	(4,656)
Normalized Capital Generation (in EUR million)	1,567	1,398
Solvency II ratio (in %)	201%	211%
Market Consistent Value of New Business (in EUR million)	465	539
Return on equity (in %)	9.5%	10.2%
Underlying Earnings Before Tax (in EUR million)	1,973	2,074
New Life Sales (in EUR million)	861	820
Relational net promotor score	12	7
Digitally connected customers (in million)	8.7	7.7

In 2019 Aegon's Supervisory Board consisted of seven members: William L. Connelly (Chairman), Corien M. Wortmann-Kool (Vice Chairman), Dona D. Young, Mark A. Ellman, Ben J. Noteboom, Ben van der Veer and Robert W. Dineen. At the Annual General Meeting of Shareholders on May 17, 2019 shareholders approved the re-appointment of Mr. Noteboom. On October 11, 2019 Aegon announced that Mr. Dineen stepped down from Supervisory Board. Aegon subsequently announced it would nominate Thomas Wellauer and Caroline Ramsay for appointment to the Supervisory Board at the at the Annual General Meeting of Shareholders on May 15, 2020.

Aegon's Executive Board consisted of two members in 2019: Alexander R. Wynaendts (Chief Executive Officer and Chairman of the Executive Board) and Matthew J. Rider (Chief Financial Officer and member of the Executive Board). Mr. Wynaendts was appointed to the Executive Board in 2003 for four years. He was re-appointed at the Annual General Meeting of Shareholders in 2007, 2011, 2015 and most recently in 2019 for his last term. Mr. Rider was appointed as a member of the Executive Board for four years at the Annual General Meeting of Shareholders on May 19, 2017. Mr. Rider's current term ends at the General Meeting of Shareholders 2021.

Aegon's Executive Board is assisted in its work by the Company's Management Board, which has 11 members, including the members of the Executive Board. In 2019 Aegon's Management Board was composed of Alex Wynaendts, Matthew Rider, Mark Bloom, Maarten Edixhoven (per October 2019), Adrian Grace, Allegra van Hövell-Patrizi, Marco Keim, Onno van Klinken, Carla Mahieu, Mark Mullin, Sarah Russell (until June 2019) and Bas NieuweWeme (per June 2019). Mike Holliday-Williams will be appointed to the Management Board and succeeds Adrian Grace who will retire from the company on March 31, 2020.

On August 12, 2019 Aegon announced that it would nominate Lard Friese for appointment to the Executive Board at the Annual General Meeting of Shareholders on May 15, 2020, in order to succeed Mr. Wynaendts. If Mr. Friese is appointed by the shareholders to the Executive Board, the Supervisory Board will subsequently appoint Mr. Friese as Chief Executive Officer and Chairman of the Executive Board. In preparation of this appointment Mr. Friese joined Aegon as CEO-designate per March 1, 2020. Mr. Wynaendts is working closely together with Mr. Friese to ensure a seamless leadership transition and remains available to Aegon until September 30, 2020. Mr. Wynaendts will not be eligible for a severance payment.

2019 Remuneration highlights

On November 14, 2018, the Supervisory Board approved the change to the Solvency II remuneration principles as regulatory framework for remuneration per 2019. Up to 2019, Aegon applied the Dutch Regulation on Sound Remuneration Policies which was based on banking rules from the European Capital Requirements Directive. However, Solvency II is an European Directive for insurance companies. Therefore the Dutch regulator allowed insurance companies the option to switch from Dutch Regulation on Sound Remuneration Policies to the Solvency II remuneration rules from December 8, 2017 onwards. Aegon preferred this switch as the Solvency II remuneration rules are sector specific. However, as this regulatory change was too close to the start of 2018, Aegon delayed this switch to 2019.

As a result, Aegon selected positions in which employees could have a material impact on the company, based on the Solvency II selection criteria in 2019. The selection of these type of positions is mandatory for most financial companies based in Europe, as a result of their sector specific European Directives (each having their own selection criteria). Under Solvency II these positions are called Material Risk Takers and are defined as 'the administrative, management or supervisory body, persons who effectively run the undertaking or have other key functions and other categories of staff whose professional activities have a material impact on the undertaking's risk profile'. Up to 2019 Aegon selected these type of positions under the Capital Requirements Directive (banking) selection criteria, in which these positions were called Identified Staff.

Employees which have been selected as Material Risk Taker are subject to various risk assessments and stricter requirements around the pay-out of variable compensation compared to other employees (for more details, see "Material Risk Takers" further below). Per 2019 Aegon revised the vesting schedule of variable compensation for Material Risk Takers, in accordance with Solvency II. These new vesting schedules were made globally consistent for the first time and were only differentiated by seniority as follows:

- Management Board members, excluding Executive Board members[1]: 33.33% upfront cash / 66.67% deferred shares, cliff-vesting after 3 years.
- Local Management Team members: 40% upfront cash / 60% deferred shares, cliff-vesting after 3 years.
- Other Material Risk Takers: 50% upfront cash / 50% deferred shares, cliff-vesting after 3 years.

1 Changing the Executive Board vesting schedule requires shareholder approval. The Supervisory Board intends to ask shareholders to adopt this change at the Annual General Meeting of Shareholders on May 15, 2020. The proposal will be to apply the Management Board vesting schedule to the Executive Board as well, but with an additional holding period on the shares of 2 years after pay-out. In the meantime, the 2019 Executive Board vesting schedule remained 40% upfront and 60% deferred, tranche-vesting during 3 years. Each upfront and deferred portion was paid 50% in cash and 50% in shares, with the shares subject to an additional holding period of 3 years.

Aegon's shareholders approved the following changes to the Supervisory Board Remuneration Policy at the Annual General Meeting of Shareholders on May 17, 2019 with 99.53% of the votes in favor and 0.47% against:

- The annual fixed fees for the Risk Committee membership became equal to the fixed fees for the Audit Committee membership. This increased the fixed fee for the Risk Committee Chairman from EUR 10,000 to EUR 13,000 and that of the other Risk Committee Members from EUR 5,000 to EUR 8,000.
- The Committee attendance fee for all committees, except for the Audit Committee, were increased from EUR 2,000 to EUR 3,000. The Audit Committee attendance fee was already EUR 3,000.
- The Intercontinental Travel fee was increased from EUR 3,000 to EUR 4,000.
- A Continental Travel fee was introduced and set at EUR 2,000.

On December 1, 2019, the Dutch Act to implement the revised European Union's Shareholder Rights Directive came into force. As a result Aegon has revised the structure and content of this 2019 Remuneration Report compared to earlier versions in accordance with the Act's remuneration report requirements. In 2019 Aegon paid out EUR 185 million in variable compensation and 24 employees received EUR 1 million or more in total annual compensation (i.e. the sum of fixed compensation, variable compensation and pension contributions paid in 2019). These employees worked for Aegon's Corporate Center, Aegon Americas, Aegon UK and Aegon Asset Management.

The 2019 CEO pay-ratio was 32.8 (2018: 42.2, 2017: 41.7). This ratio has been based on the IFRS-EU CEO remuneration expenses and employee expenses in 2019, which have been audited. The expenses for the CEO's total compensation were EUR 3.8 mln (2018: EUR 4.4 mln; 2017: EUR 4.3 mln). The average expenses for the employees' total compensation were EUR 115,371 (2018: EUR 104,459; 2017: EUR 102,188), which were calculated by:

- The total IFRS-EU remuneration expenses for all employees, which are the total employee expenses (see Note 14) minus the CEO remuneration expenses: EUR 2,149 mln – EUR 3.8 mln = EUR 2,145 mln.
- Divided by the number of employees in scope, which are the total number of employee minus employees in joint ventures and associates (as their expenses are not included in Note 14) and minus the CEO: 23,757 – 5,162 – 1 = 18,594 employees.

The Remuneration Committee took note that certain factors have influenced the CEO pay-ratio, such as the significant difference in the geographical footprint of the Company's employee population, the way the Company was affected by restructuring and other organizational changes (e.g. the 2019 divestments the Czech Republic and Slovakia) and the changes to the CEO's remuneration package per June 2019.

Looking ahead to 2020

At the Annual General Meeting of Shareholders on May 15, 2020, Aegon will ask its shareholders to:

- Cast an advisory vote on this Remuneration Report, which will be an annual agenda item going forward;
- Approve the proposed 2020 Supervisory Board Remuneration Policy (see chapter 4 in this report);
- Approve the proposed 2020 Executive Board Remuneration Policy (see chapter 6 in this report);
- Approve the appointment of Mr. Friese to the Executive Board.

The total compensation level of Mr. Friese is at the same level as that of the incumbent CEO, Mr. Wynaendts, although structured differently. Mr. Friese's gross Fixed Salary will become EUR 1,485,000, with an annual gross Target Variable Compensation of 80% of his Fixed Salary and a gross Pension contribution of 40% of his Fixed Salary. This means Mr. Friese will receive a higher Fixed Salary and therefore a higher Variable Compensation opportunity, but the Pension contribution will be lower compared to the incumbent CEO. When Mr. Friese was hired as CEO Designate, Aegon offered a sign-on arrangement. The sign-on is paid in cash and Aegon N.V. shares, of which a part is deferred. The pay-out of the deferred part is subject to continued employment.

Aegon took note of developments which could change the applicable rules, regulations and guidance, such as the draft EIOPA opinion on the supervision of remuneration principles in the insurance and reinsurance sector and the draft Dutch Act on further remuneration measures in the financial sector. Additionally, Aegon already structured this remuneration report in line with the draft European guidelines on the standardized presentation of the remuneration report.

2. Remuneration at Aegon in general

This chapter contains a general introduction to Aegon's Global Remuneration Framework, Human Resources Strategy, Remuneration Principles, the concepts of Total Compensation and Variable Compensation, Risk Management in relation to remuneration and remuneration of Material Risk Takers.

Global Remuneration Framework

Aegon has a Global Remuneration Framework (GRF) which outlines the Aegon Group Human Resources Strategy, the Aegon Group Remuneration Principles and the Aegon Group Remuneration Guidelines which apply to all Aegon employees, including the Executive Board members[1]. The GRF has been designed in accordance with relevant rules, guidelines and interpretations, such as the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code and the Solvency II Legal Framework.

[1] Given the two-tier Board structure, Aegon's Supervisory Board members are not in scope of the GRF. They are only eligible for certain fixed fees and cost reimbursements (see Supervisory Board Remuneration below).

Aegon's remuneration policies are derived from the GRF, which includes the Executive Board Remuneration Policy and local business Remuneration Policies. These policies define specific terms and conditions for the employment of our employee across the various countries and local businesses. All steps in the remuneration process are governed by the GRF and its underlying policies. Staff from Human Resources, Risk Management and Compliance are involved in all steps of the process.

Human Resources Strategy

In order to support the Aegon Strategy and local business objectives, the Aegon Group Human Resources Strategy contains the following remuneration related goals:

- Attract, retain, motivate and reward a highly-qualified and diverse workforce;
- Align the interests of executives, managers and all other employees with the business strategy and risk tolerance, the values and the long-term interests of Aegon;
- Provide a well-balanced and performance-related compensation package to all employees, taking into account shareholder and other stakeholder interests, relevant regulations, the corporate responsibilities and Future Fit values ('Acting as one, Customer centricity, Agility and Accountability').

Remuneration Principles

Based on the Human Resources Strategy, Aegon has formulated the following Remuneration Principles, which are the foundation for all remuneration policies and practices within the Group:

- Aegon remuneration is employee-oriented by: fostering a sense of value and appreciation in each individual employee; promoting the short- and long-term interests and well-being of all Aegon staff via fair compensation, pension and/or other benefits; supporting employees' career development; and supporting the (international) mobility of its staff;
- Aegon remuneration is performance-related by: establishing a clear link between pay and performance by aligning objectives and target setting with performance evaluation and remuneration; reflecting individual as well as collective performance in line with Aegon's long-term interests; enhancing the transparency and simplicity of Aegon Group remuneration, consistent with the principle of pay for performance; and avoiding any pay for non-performance;
- Aegon remuneration is fairness-driven by: promoting fairness and consistency in Aegon's remuneration policies and practices, with remuneration packages that are well-balanced across the different echelons within Aegon and its business units; avoiding any discrimination in Aegon's remuneration structures, including, among others, discrimination based on nationality, race, gender, religion, sexual orientation, and/or cultural beliefs; creating global alignment in the total compensation of all Material Risk Takers; and aiming at controlled market competitive remuneration, by providing total compensation packages in line with an appropriately established peer group at a country and/or functional level;
- Aegon remuneration is risk-prudent by: aligning business objectives with risk management requirements in the target setting practices throughout the Aegon Group; giving an incentive to appropriate risk-taking behavior while discouraging the taking of excessive risks; and protecting the risk alignment effects embedded in the remuneration arrangements of individual staff against any personal strategies or insurance to counter them.

Total Compensation

Following from the Remuneration Principles, Aegon aims to offer experienced and competent employees a total compensation level which is consistent with the market in which Aegon operates and competes for similar employees. Total compensation typically consists of fixed compensation, variable compensation (where in line with the local market practice), pension and other benefits. Market survey information from reputable sources is used to regularly assess the competitiveness of compensation levels and practices which Aegon offers its employees.

Variable Compensation

Variable compensation, if any, is capped at an appropriate level as a percentage of fixed compensation.

The Dutch Financial Supervision Act has a provision that makes it possible to offer employees up to a maximum variable compensation opportunity that is equal to the European CRD IV compensation ratio (i.e. 100% of fixed compensation). This provision was specifically created for corporate office employees of companies based in the Netherlands, which employ at least 75% of their employees abroad. In 2019, Aegon met this criterion and offered selected senior corporate office employees a variable compensation opportunity up to this maximum.

In line with the Dutch Financial Supervision Act, Aegon has obtained shareholder approval at the Annual General Meeting of Shareholders of May 20, 2016 to offer a maximum variable compensation opportunity up to 200% of fixed compensation to selected senior employees outside Europe in positions that, based on local market practice, could receive variable compensation that exceeds 100% of fixed compensation. Within this mandate, Aegon offered selected senior employees outside Europe such an opportunity in 2019. The Company's capital was not adversely impacted by the maximum variable compensation that could be paid out.

Variable compensation for senior management is usually paid out in cash and shares over multiple years, and is subject to further conditions being fulfilled. Variable compensation already paid out may also be retrieved under certain circumstances ('claw-back').

Risk Management in relation to Remuneration

Variable compensation may have an impact on risk-taking behaviors and, as such, may undermine effective risk management. The opportunity to receive high variable compensation can lead to excessive risk taking, which can have a material impact on the company's financial soundness. To avoid such undesired effects, both the Risk Management and Compliance functions are involved in the design and execution of remuneration policies and practices.

The GRF includes additional remuneration requirements for three specific employee categories, as their roles and responsibilities require tailored risk mitigating measures and governance processes. These remuneration requirements are for: (i) the Executive Board; (ii) Material Risk Takers; and (iii) Control Staff. Given the rationale for having a separate policy for Material Risk Takers and the risk mitigating measures that are applied to the remuneration of these individuals, Risk Management is involved in deciding which positions are deemed Material Risk Takers. Furthermore, where exceptions to the policies are requested to reflect local practices or regulations, Risk Management and Compliance are involved in order to ensure such exceptions do not undermine effective risk management and that sufficient mitigating measures are undertaken.

In addition, the Risk Management and Compliance functions, together with the Human Resources and Finance functions, are responsible for the execution of the various measures that ensure the GRF and associated practices are aligned with the defined risk tolerances and behaviors. The risk mitigating measures are aimed at various moments in the variable compensation process: when the targets are set, before a variable compensation award is allocated, before deferred parts of the award are paid and after pay-out of the award (when relevant).

Aegon endeavors to seek an appropriate balance of ex-ante and ex-post risk assessments to ensure effectiveness in both the short- and long-term risk taking behavior of employees.

Remuneration of Material Risk Takers

Aegon selects Material Risk Takers for the Aegon N.V. legal entity (i.e. the holding company) based on the Solvency II selection criteria. These positions are defined as 'the administrative, management or supervisory body, persons who effectively run the undertaking or have other key functions and other categories of staff whose professional activities have a material impact on the undertaking's risk profile'.

Legal entities within the Aegon Group, which are directly subject to the Capital Requirements Directive, Solvency Directive, the Alternative Investment Fund Managers Directive and/or the Undertakings for the Collective Investment in Transferable Securities Directive, also select their own Material Risk Takers or 'Identified Staff'. Their selection is based on the selection criteria of the applicable European Directive, its guidelines and local regulatory requirements (where available).

In order to differentiate between the Material Risk Takers who are selected at the holding level of the company and at the various legal entities within the Group, the former are called Group Material Risk Takers and the latter Local Material Risk Takers.

The Group and Local Material Risk Takers are subsequently subject to risk assessments and remuneration rules from the applicable European Directive, its guidelines and local regulatory requirements (where available). This means that their personal objectives are subject to an ex-ante risk assessment at the start of the performance year. A minimum portion of their variable compensation will be deferred and paid in non-cash instruments (such as Aegon shares or investment in own funds). Before the allocation of variable compensation they are subject to an ex-ante risk assessment, while before pay-out of any deferred variable compensation they are subject to ex-post risk assessments. Based on these risk assessments, Aegon can adjust the intended or allocated variable compensation awards downward where deemed appropriate (however never upward).

3. 2019 Supervisory Board Remuneration Report

The 2019 Supervisory Board Remuneration Report has been prepared by the Remuneration Committee of the Supervisory Board in accordance with the Dutch Civil Code (article art 2:135b) and the Dutch Corporate Governance Code. The Remuneration Committee was led by the Committee's Chairman Ben J. Noteboom. This report was approved by the Supervisory Board.

This report contains a contains a summary of the Supervisory Board Remuneration Policy which applied to 2019 and the Supervisory Board remuneration over the recent years.

Supervisory Board Remuneration Policy in 2019

Aegon's Supervisory Board Remuneration Policy is aimed at ensuring fair compensation and protecting the independence of the Supervisory Board members. Terms and conditions for the Supervisory Board members are the responsibility of the Remuneration Committee of the Supervisory Board.

The Supervisory Board members are entitled to the following:

- A base fee for membership of the Supervisory Board. No separate attendance fees are paid to members for attendance at the regular Supervisory Board meetings;
- An attendance fee for each extra Board meeting attended, be it in person or by video and/or telephone conference;
- A committee fee for members on each of the Supervisory Board's Committees;
- An attendance fee for each Committee meeting attended, be it in person or through video and/or telephone conference; and
- An additional fee for attending meetings that require intercontinental, continental or US interstate travel between the Supervisory Board member's home location and the meeting location.

Each of these fees is a fixed amount. The Supervisory Board members do not receive any performance or equity-related compensation, and do not accrue pension rights with the Company. These measures are designed to ensure the independence of Supervisory Board members and to strengthen the overall effectiveness of Aegon's corporate governance.

Under the current policy, as endorsed by shareholders at the Annual General Meeting of Shareholders on May 17, 2019, the Supervisory Board members are entitled to the following payments:

Base fee for Supervisory Board membership	EUR / year
Chairman	80,000
Vice-Chairman	50,000
Member	40,000

Fee for Supervisory Board committee membership	EUR / year
Chairman of the Audit or Risk Committee	13,000
Member of the Audit or Risk Committee	8,000
Chairman of other committees	10,000
Member of other committees	5,000

Attendance fees	EUR
Committee meeting	3,000
Extra Supervisory Board meeting	3,000

Travel fees	EUR
Intercontinental	4,000
Continental or US interstate	2,000

In order for the Remuneration Committee to assess the competitiveness of the Supervisory Board fee levels, they gather benchmark data on compensation levels at comparable companies, in accordance with the applicable rules and regulations. These comparable companies form a peer group and have been selected by the following criteria:
- Industry: preferably Life Insurance;
- Size: companies with similar number of employees, assets, revenue and market capitalization;
- Geographic scope: preferably the majority of revenues generated outside of the country of origin; and
- Location: companies based in Europe, excluding UK where the non-executive directors typically have different responsibilities compared to their continental European counterparts.

Based on these criteria the current peer group consists of the following 12 European Insurance companies: Ageas, Allianz, AXA, CNP Assurances, Assicurazioni Generali, Mapfre, Münchener RE, NN Group, Swiss Life, Swiss Re, Talanx, and Zurich Insurance Group. This peer group is slightly different from the European peer group for the Executive Board, as a result of excluding the UK companies.

In addition, the following reference group of 12 companies with a two-tier board is used in order to monitor alignment with the General Industry in the Netherlands: ABN AMRO, Ahold Delhaize, Akzo Nobel, ASML, DSM, Heineken, ING Group, KPN, NN Group, Philips, Randstad and Wolters Kluwer. This reference group is equal to the Dutch reference Group for the Executive Board.

The Remuneration Committee and the Supervisory Board regularly review the composition of both groups in order to ensure that they continue to provide a reliable and suitable basis for comparison. The previous update to both groups was in 2018.

The Remuneration Committee may recommend changes to the fee levels of the Supervisory Board members, based on the results of a competitiveness review. These recommendations are discussed by the Supervisory Board, which can support, revise or reject them. Subsequently shareholders will be asked to adopt the proposed fee changes at the Annual General Meeting of Shareholders.

Information on members of the Supervisory Board and the composition of its four committees can be found on pages 44-53.

Supervisory Board remuneration in recent years

The table below show the fees that have been allocated and paid to the Supervisory Board members in the calendar years 2017, 2018 and 2019 in accordance with the applicable Supervisory Board remuneration policy at this time. The IFRS-EU expenses for these fees are equal to the amounts in the table below. The general increase of 2019 fees is a result of the new fee structure and levels which were approved by shareholders at the Annual General Meeting of Shareholders on May 17, 2019. The fee increase of Mr. Connelly in 2019 is the result of being the Chairman of the Supervisory Board during the full calendar year (appointed in per May 2018), attending more committee meetings in combination with higher committee attendance fees per 2019 and receiving a continental travel fee which was not offered before 2019. Most other Supervisory Board members received more attendance fees in 2019, mainly because of a combination of attending more committee meetings and the higher committee attendance fees per 2019.

In EUR thousand	Year	Base fees	Attendance fees	Travel fees	Total fees
William L. Connelly (as of May 19, 2017)	2019	95	54	20	169
	2018	79	34	6	119
	2017	33	24	3	60
Mark A. Ellman (as of May 19, 2017)	2019	56	39	20	115
	2018	53	29	21	103
	2017	33	22	15	70
Ben J. Noteboom	2019	58	39	6	103
	2018	55	25	6	86
	2017	57	42	3	102
Ben van der Veer	2019	58	54	6	118
	2018	58	37	6	101
	2017	58	45	3	106
Corien M. Wortmann - Kool	2019	63	54	6	123
	2018	63	37	3	103
	2017	58	40	3	101
Dona D. Young	2019	66	66	26	158
	2018	61	39	21	121
	2017	56	39	21	116
Robert W. Dineen (up to Oct 11, 2019)	2019	40	27	12	79
	2018	52	28	21	101
	2017	53	36	15	104
Dirk P.M. Verbeek (up to May 18, 2018)	2018	19	10	-	29
	2017	54	46	-	100
Robert J. Routs (up to May 18, 2018)	2018	36	12	-	48
	2017	95	36	3	134
Shemaya Levy (up to May 19, 2017)	2017	24	16	-	40
Total	2019	436	333	96	865
	2018	474	251	84	809
	2017	520	346	66	932
Total including 21% VAT	2019	527	403	116	1,046
	2018	574	304	102	979
	2017	630	419	80	1,128

The table below presents the total fees that have been paid in the last five calendar years on an annualized basis and the year-on-year annual change in total fees. Additionally the table shows the Aegon net income, a proxy of the financial and non-financial business performance, the inflation in the Netherlands and the average employee compensation over the same period.

In EUR thousand	Annualized	2015	2016	2017	2018	2019
William L. Connelly (as of May 19, 2017)	Fees	-	-	98	119	169
	Change	-	-	-	22%	42%
Mark A. Ellman (as of May 19, 2017)	Fees	-	-	114	103	115
	Change	-	-	-	(9%)	12%
Ben J. Noteboom (as of May 20, 2015)	Fees	113	109	102	86	103
	Change	-	(3%)	(7%)	(15%)	20%
Ben van der Veer	Fees	115	109	106	101	118
	Change	-	(5%)	(3%)	(5%)	17%
Corien M. Wortmann - Kool	Fees	96	90	101	103	123
	Change	-	(6%)	12%	2%	19%
Dona D. Young	Fees	121	113	116	121	158
	Change	-	(7%)	2%	4%	31%
Robert W. Dineen (up to Oct 11, 2019)	Fees	121	115	104	101	101
	Change	-	(5%)	(10%)	(3%)	1%
Dirk P.M. Verbeek (up to May 18, 2018)	Fees	112	111	100	76	-
	Change	-	(1%)	(10%)	(24%)	-
Robert J. Routs (up to May 18, 2018)	Fees	143	140	134	125	-
	Change	-	(2%)	(4%)	(7%)	-
Shemaya Levy (up to May 19, 2017)	Fees	101	95	105	-	-
	Change	-	(6%)	11%	-	-
Irving W. Bailey (up to May 20, 2016)	Fees	135	139	-	-	-
	Change	-	3%	-	-	-
Leo M. van Wijk (up to May 20, 2015)	Fees	100	-	-	-	-
	Change	-	-	-	-	-
Aegon net income	In EUR million	(523)	586	2,361	744	1,528
Aegon business performance [1]	Target = 100%	94%	91%	121%	106%	79%
Inflation in the Netherlands	Consumer Price Index	0.6%	0.3%	1.4%	1.7%	2.6%
Average employee compensation [2]	Total compensation	95	97	102	104	115
	Annual change	-	2%	5%	2%	11%

1 The weighted average Aegon financial and non-financial business performance, expressed as a percentage on a performance scale with 50% as threshold, 100% as target and 150% as maximum, as used for the allocation of variable compensation in the applicable year.
2 Consistent with the CEO pay ratio calculation, the average employee compensation is based on the audited total IFRS-EU remuneration expenses for all employees divided by the number of employees in scope for these expenses.

All fees that have been paid to the Supervisory Board members were in accordance with the applicable Supervisory Board remuneration policy at the time, as they've been exclusively based on their membership of and function in the Supervisory Board, their memberships of and functions in the Supervisory Board's committees, their attendance and travel. There were no deviations from the policy.

Each quarter Aegon paid the fees that the Supervisory Board members earned during that period. This means 25% of the annual base fee for Supervisory Board membership and any Supervisory Board committee membership, taking into account their function (i.e. Chairman, Vice-Chairman or regular members) and the fees for their actual attendance and travel during that quarter.

The shareholders approved the changes to the Supervisory Board Remuneration fees retroactively per January 1, 2019 at the Annual General Meeting of Shareholders on May 17, 2019. This was after the fees for the first quarter of 2019 were already paid, based on the old fees. Therefore some Supervisory Board members received a correction payment for the first quarter as part the second quarter payment.

Remuneration in fixed fees contributed to Aegon's long term performance, as it did not depend on Aegon's results and therefore protected the Supervisory Board member's independence when supervising the manner in which the Executive Board members implement the long-term value creation strategy.

4. Proposed 2020 Supervisory Board Remuneration Policy

A. Policy

A.1 Remuneration Policy

This Supervisory Board Remuneration Policy (the "Policy") outlines the terms and conditions for the remuneration of the members of the Supervisory Board of Aegon N.V. (the "SB members"), to be submitted for approval by the Shareholders of Aegon N.V. (the "Shareholders") at the Annual General Meeting of Shareholders on May 15, 2020. This Policy replaces the Aegon N.V. Supervisory Board Remuneration Policy of 2019.

The Remuneration Committee of the Supervisory Board of Aegon N.V. (the "Remuneration Committee") prepared the changes to this Policy, which were endorsed by the Supervisory Board on March 17, 2020. At the date of approval, the Policy complies with the applicable rules and regulations such as the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code and the Solvency II Legal Framework.

A.2 Policy Term

This Policy will take effect from January 1, 2020.

The Policy remains in place until a new or revised Policy has been adopted by the Shareholders in accordance with the applicable requirements from the Dutch Civil Code. The Supervisory Board will submit a proposal to the Shareholders to adopt a Policy at a Meeting of Shareholders (the "Shareholders' Meeting") at least every four years. The Policy will subsist if Shareholders reject a new or revised Policy at a Shareholders' Meeting, even if this would be four years after the approval of this Policy. Subsequently, the Supervisory Board is required to submit a new proposal to the Shareholders to adopt a Policy at the next Shareholders' Meeting (and if rejected again, the next Shareholders' Meeting thereafter, etc.), while this Policy subsists.

A.3 Policy Changes

The Supervisory Board made the following changes to this Policy compared to the previous version, while leaving the fees unchanged:

- Increasing transparency for all Stakeholders by clarifying how the Policy contributes to Aegon's strategy, long-term interests and sustainability and how it takes into account Aegon's identity, purpose, values and stakeholder environment.
- Adding the option for the Supervisory Board to annually index the Supervisory Board fees (as defined in C.1 – C.5) based on economic developments in the Netherlands without requiring additional Shareholder approval.

These changes were made in order to comply with the new Dutch Act which implemented the European Shareholder Rights Directive and (optionally) allow reasonable annual adjustment of the fees without requesting Shareholder approval each year.

A.4 Policy Considerations

The Policy contributes to Aegon's strategy, long-term interests and sustainability through the remuneration of the SB members in various ways:

- The Policy provides the Supervisory Board with the means to attract, motivate, and retain competent, diverse, and
- experienced SB members for the long-term. Having motivated, competent, and experienced SB members on board is essential for executing Aegon's strategy, and safeguarding and promoting its long-term interests and sustainability.
- SB members receive fixed remuneration for their responsibilities which does not depend on the Aegon results in order to protect their independence when supervising the manner in which the Executive Board members implement the long-term value creation strategy. These responsibilities are part of the membership of the Supervisory Board and its Committees and optionally the position of (Vice) Chairman of the Supervisory Board and/or its Committees. The certainty of the fixed compensation also allows SB members in their supervisory role to focus on the long-term interest and sustainability of Aegon.
- The SB members receive fixed remuneration for their activities, such as attending Committee meetings and additional Supervisory Board meetings, in order to regularly discuss the Aegon strategy, the implementation of the strategy and the principal risks associated with it, while taking into account the broader long-term interests and sustainability of Aegon.
- SB members are only allowed to privately own Aegon N.V. Shares if this is a long-term investment, aligning their interests with Aegon's long-term interests.

The Supervisory Board took Aegon's identity, purpose, and values into account when developing the Policy and its changes:

- Aegon is an international financial services group based in the Netherlands, which provides life insurance, pensions and asset management (identity). The main operations are in the US, the Netherlands, and the UK, while there is also significant presence in Southern and Eastern Europe, Asia, and Latin America. The Policy provides the Supervisory Board with the means to attract, motivate, and retain SB members from various countries, predominantly based in the Netherlands and the US. As Aegon is based in the Netherlands, the Policy considers the European Insurance peers as well as Dutch General Industry peers to be the relevant external reference for the SB member's Remuneration. The Policy is also influenced by the European and Dutch rules and regulations on (Executive) remuneration, which apply to Aegon as a result of its identity (i.e. for being an Insurance firm in Europe and for being a listed and financial company in the Netherlands).
- Aegon's purpose is to help people achieve a lifetime of financial security. In order to fulfill this purpose, Aegon has a strategy to which this Policy actively contributes (see above).
- The four Future Fit values 'Acting as one, Customer centricity, Agility, and Accountability' aim to create a company that is fit for the future: one that meets customers' expectations, is right for our digitally-connected, data-driven world, and can adapt quickly to changing market conditions. These values are not explicitly reflected in the Policy as a result of the fee-based remuneration structure. However, these values are strongly incorporated in the Supervisory Board Charter.

The Supervisory Board has not taken the internal compensation structures and levels into account as the fee-based compensation structure for SB members is significantly different from these internal compensation structures and levels.

The Supervisory Board developed draft Policy changes based on the requirements of the new Dutch Act which implemented the Shareholder Rights Directive. Subsequently, the Supervisory Board actively reached out to a number of stakeholders to consult or discuss the draft Policy and its changes in order to assess its public support. The Chairman of the Remuneration Committee, together with the Investor Relations and the Compensation & Benefits team, consulted Aegon's main Shareholders, including Vereniging Aegon, proxy advisors, and Shareholder interest groups on the draft changes. The Chairman of the Remuneration Committee discussed the draft Policy with the European Works Council, while the Chairman of the Supervisory Board discussed it with the Central Works Council in the Netherlands. All feedback was shared with the Supervisory Board. They took note that not all Stakeholder feedback was aligned, but that there were no significant conflicts either. On a more ongoing basis, the Supervisory Board and the Executives regularly discuss remuneration related topics with the supervisory authorities, legislators, and politicians. Within Aegon, constant monitoring of (social) media takes place, including sensitive topics such as remuneration, and such feedback is shared with the Supervisory Board.

A.5 Policy Review and Revision

Each year, the Policy will be reviewed by the Remuneration Committee. The Remuneration Committee may suggest revisions to the Policy or a new policy to the Supervisory Board. When endorsed, the Supervisory Board will submit a proposal to the Shareholders to adopt the revised or new policy at the Shareholders' Meeting.

A.6 Temporary Derogation from the Policy

As determined by the Dutch Civil Code, derogation from this Policy is only allowed under exceptional circumstances and for a limited time period under the following conditions:

- The derogation can be from any remuneration element and/or provision in this Policy, as long as it continues to stay:
  - In line with the general spirit of this Policy as described in A.3;
  - In line with the internal and external references as defined in this Policy (see C.1), and;
  - Compliant with the applicable legislation and regulations.
- The Supervisory Board will adopt a derogation, which includes at least the following details:
  - An explanation why the derogation is required in order to serve the long-term interest and sustainability of Aegon as a whole or to assure its viability;
  - Which remuneration element or provision is derogated from and how it affects the Supervisory Board member's compensation levels;
  - An assessment which confirms that the Policy allows the proposed derogation and that it complies with the applicable rules and regulations;
  - The period of derogation. This period is limited to the moment the Shareholders have adopted a revised or new policy at a Shareholders' Meeting.
- The derogation and the abovementioned Supervisory Board approval details are disclosed in the next Remuneration Report.

In case a future change in rules and regulations conflicts with (a part of) this Policy, the Supervisory Board may deviate from this Policy to ensure compliance with the new rules and regulations. The Supervisory Board will disclose the deviation in the Remuneration Report and submit a proposal to the Shareholders to adopt a revised Policy at a Shareholders' Meeting which complies with the new rules and regulations.

B. Appointment

The Shareholders appoint a Supervisory Board member in accordance with the Articles of Association of Aegon N.V. and the Dutch Corporate Governance Code.

C. Remuneration Structure

C.1 Supervisory Board remuneration

A Supervisory Board member is entitled to (i) base fees for their Supervisory Board membership (see C.2) and membership of a Committee(s) of the Supervisory Board (see the C.3), (ii) an attendance fee for extra Supervisory Board meetings, be it attended in person or by video and/or telephone conference (see the C.4) and (iii) an attendance fee for Committee meetings, be it attended in person or by video and/or telephone conference (see C.5).

The current fees were approved by the Shareholders at the 2019 Annual General Meeting of Shareholders and have not changed in this Policy.

The Supervisory Board regularly reviews the fees to ensure the structure remains competitive, taking into account external reference information such as economic developments (e.g. inflation) as well as a quantitative assessments of the competitiveness against a peer group of Insurance companies in Europe and a peer group of companies based in the Netherlands (see the Annex for the peer group selection).

The Supervisory Board is allowed to annually index the fees based on economic developments in the Netherlands without Shareholder approval.

For any other change to the fees or the fee structure, such as, but not limited to, a higher fee increase versus indexation, changing the scope for a fee, or introducing a new fee, the Supervisory Board has to submit a proposal to the Shareholders to amend this Policy at a Shareholders' Meeting.

C.2 Supervisory Board membership fee

Base fee for Supervisory Board membership per year:

- Chairman: EUR 80,000;
- Vice-Chairman: EUR 50,000;
- Member: EUR 40,000.

C.3 Supervisory Board Committee membership fee

Base fee for Supervisory Board Committee membership per year:
- Chairman of the Audit or Risk Committee: EUR 13,000;
- Member of the Audit or Risk Committee: EUR 8,000;
- Chairman of other committees: EUR 10,000;
- Member of other committees: EUR 5,000.

C.4 Supervisory Board attendance fee

Attendance fees per extra Supervisory Board meeting: EUR 3,000.

Extra Supervisory Board meetings are meetings in addition to the minimum required regular Supervisory Board meetings as defined in the Aegon N.V. Supervisory Board Charter.

C.5 Supervisory Board Committee attendance fee

Attendance fees per Committee meeting: EUR 3,000.

A Supervisory Board member can also receive an attendance fee for additional work outside committee meetings, which require similar effort and representation such as, but not limited to, attending meetings with shareholders and other stakeholders.

D. Other Conditions

Additionally, a Supervisory Board member is entitled to travel fees (see the D.1) and cost reimbursement (see the D.2).

D.1 Travel fees

The SB member will receive a fee to cover the time to travel for attending Supervisory Board (Committee) meetings and related meetings and events.

Travel fees per travel:
Intercontinental: EUR 4,000
Continental or US interstate: EUR 2,000

D.2 Cost reimbursement

Aegon N.V. pays or reimburses all reasonable costs related to the attendance of Supervisory Board meetings, Supervisory Board Committee meeting, and related meetings and events in accordance with the Aegon N.V. Supervisory Board Charter. The local employee travel and reimbursement policies are used as reference.

E. Verification

All calculations made to determine compensation under this Policy are verified by the independent external auditor and the Supervisory Board's Remuneration Committee.

Annex

The Supervisory Board assesses the competitiveness of the Supervisory Board's remuneration structure and levels against the peer companies.

For this purpose, the Supervisory Board selected a primary set of peer group companies according to the following criteria:
- Industry: Insurance, with a preference for Life Insurance;
- Size: Average Market Capitalization, Employees, Revenue and Total Assets;
- Geographic scope: Preferably companies which operate globally;
- Location: Headquarters based in Europe excluding UK.

UK peer companies are excluded as the non-executive directors typically have different responsibilities compared to their continental European counterparts.

Based on these criteria, the current peer group consists of the following 12 European Insurance companies: Ageas, Allianz, AXA, CNP Assurances, Assicurazioni Generali, Mapfre, Münchener RE, NN Group, Swiss Life, Swiss Re, Talanx, and Zurich Insurance Group. This peer group partially differs from the European peer group for the Executive Board, as a result of excluding the UK companies.

In addition, the Supervisory Board selects a secondary peer group according the following criteria, in order to monitor alignment with the General Industry in the Netherlands:
- Industry: General Industry and listed on the AEX;
- Size: Average Market Capitalization, Employees, Revenue and Total Assets;
- Location: Headquarters based in the Netherlands.

Based on these criteria, the current secondary peer group consists of the following 12 AEX companies: Ahold Delhaize, ING Group, Randstad, Heineken, NN Group, Philips, ABN AMRO, Akzo Nobel, ASML, DSM, KPN, and Wolters Kluwer. The last update of this peer group was in 2019, when ING, NN Group, ABN AMRO, DSM, and Wolters Kluwer were added, replacing ArcelorMittal, RELX Group, Royal Dutch Shell, Unibail-Rodamco, and Unilever. This peer group is equal to the Dutch peer group for the Executive Board.

5. 2019 Executive Board Remuneration Report

The 2019 Executive Board Remuneration Report has been prepared by the Remuneration Committee of the Supervisory Board in accordance with the Dutch Civil Code (article art 2:135b) and the Dutch Corporate Governance Code. The Remuneration Committee was led by the Committee's Chairman Ben J. Noteboom. This report was approved by the Supervisory Board.

This report contains a summary of the Executive Board Remuneration Policy which applied to 2019, the Executive Board remuneration over the recent years and the 2020 Executive Board performance indicators. The section on remuneration over the recent years is split into a) fixed compensation 2017-2019, b) conditional variable compensation 2019, c) provisional variable compensation 2019, d) variable compensation 2017-2019, e) pay-out of allocated variable compensation, f) pension contributions 2017-2019, g) benefits 2017-2019, h) total compensation in recent years.

Executive Board Remuneration Policy in 2019

The Supervisory Board has the overall responsibility for Aegon's Remuneration Policies, including the Executive Board Remuneration Policy. The Supervisory Board established the Remuneration Committee from among its members. The Executive Board Remuneration Policy that has been applied in 2019 was adopted at the General Meeting of Shareholders on May 12, 2011. This policy has been subject to annual reviews by the Supervisory Board.

The current Policy contributes to Aegon's strategy, long-term interests and sustainability through the remuneration of the Executives in various ways:

- The Policy provides the Supervisory Board with the means to attract, motivate and retain competent and experienced Executives for the long-term. Having motivated, competent and experienced Executives on board is essential for executing Aegon's strategy and safeguarding and promoting its long-term interests and sustainability.
- Aegon's strategy is about building life-time relationships with customers, to create financial security and well-being throughout their lives. To pursue this strategy our focus is on sustainable growth through expanding our customer base, increasing efficiency, capitalizing on the advantages of being a global group and investing more in growth businesses. To support Aegon's strategy execution, the Policy makes unadjusted and risk-adjusted financial (growth) indicators as well as personal indicators related to the Aegon strategy mandatory for the Executive.
- Aegon believes it must create long-term value for its Stakeholders and the societies in which it operates. Because of the nature of our business, value created is often financial, but it may also be social, economic or environmental. The Policy directly aligns the Executive's personal long-term interests with that of Aegon and its Shareholders by paying a significant part of the Executive's Variable Compensation (50%) in Shares. These shares are paid partially upfront and partially deferred tranche-vesting over a 3-year period. After pay-out Shares are subject to an additional holding period of 3 years (even for the upfront Shares). This is combined with prohibiting the Executive in this Policy from using personal hedging strategies or insurance which could undermine this long-term alignment of interests.
- Aegon is committed to doing business responsibly and in a sustainable way. The Policy makes the risk-adjusted financial performance indicators mandatory for the Executive. Additionally, variable compensation of the Executive can be adjusted downwards (i.e. malus) or clawed-back in case certain performance has not been achieved in a sustainable way, such as (but not limited to): significant risk and compliance incidents, insufficient response to such incidents and/or insufficient evidence of embedding of good standards of practice, such as sound and responsible business practices and integrity of products and services delivered.

Aegon's Executive Board remuneration is subject to various rules and regulations, which include the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code and the Solvency II Legal Framework. The most prominent requirements thereof are:

- The total variable compensation amount which is allocated to an Executive Board member for a performance year cannot exceed 100% of the fixed compensation level.
- Variable compensation should be based on a mix of company and personal performance, with at least 50% weight on non-financial performance.
- A substantial portion of any variable compensation award should be paid in a non-cash instrument (e.g. Aegon N.V. shares) and should be deferred for at least 3 years. Additionally, award shares should be restricted for 5 years. With a 3-year vesting period, this requires an additional holding period of 2-years.
- Aegon can claw-back any variable compensation which has been paid (cash and shares) in specific circumstances such as a material financial restatement or individual gross misconduct.

These are also the main reasons why Aegon operates one Executive Board variable compensation plan per year, with a single variable compensation award which is subsequently split into cash and shares, rather than operating separate Short-Term Incentive (cash) and Long-Term Incentive (share) Plans.

The Remuneration Committee may recommend Policy changes to the Supervisory Board. In that case, the Remuneration Committee will conduct scenario analyses to determine the long-term effects on the level and structure of compensation granted to each Executive Board member and reports their findings to the Supervisory Board. The Supervisory Board can subsequently decide on referring the proposed Policy changes to the Annual General Meeting of Shareholders for adoption.

Total compensation

Total compensation for Executive Board members is defined in the Executive Board Remuneration Policy as a combination of fixed compensation, variable compensation, pension and other benefits.

In line with this policy, the Supervisory Board has determined a maximum total compensation level for each Executive Board member, reflecting the specific roles, responsibilities, qualifications, experience and expertise of the individual. Each year, the Remuneration Committee reviews these total compensation levels of the Executive Board members to ensure they remain competitive and provide incentives in line with the Company's risk appetite. This review takes the specific role, responsibilities, experience and expertise of the Executive into account as well as internal and external reference information.

- The internal references are the compensation structure and levels of Management Board members and the annual compensation changes of the general employee population and senior managers within Europe and the Netherlands specifically.
- The external references are compensation trends in the market, economic developments (e.g. inflation) as well as a quantitative assessments of the competitiveness against a peer group of European Insurance companies and a reference group of General Industry companies based in the Netherlands.

The European Insurance peer group has been selected by the following criteria:

- Industry: preferably Life Insurance;
- Size: companies with similar number of employees, assets, revenue and market capitalization;
- Geographic scope: preferably the majority of revenues generated outside of the country of origin; and
- Location: companies based in Europe.

Based on these criteria the current peer group consists of the following 16 European Insurance companies: Ageas, Allianz, Aviva, Axa, CNP Assurances, Assicurazioni Generali, Legal & General, Mapfre, Münchener RE, NN Group, Prudential, RSA Insurance Group, Swiss Life Holding, Swiss Re, Talanx and Zurich Insurance Group. This peer group is slightly different from the European peer group for the Supervisory Board, because the UK companies are excluded from the latter as the UK non-executive directors typically have different responsibilities compared to their continental European counterparts.

In addition, the following reference group of 12 companies is used in order to monitor alignment with the General Industry in the Netherlands: ABN AMRO, Ahold Delhaize, Akzo Nobel, ASML, DSM, Heineken, ING Group, KPN, NN Group, Philips, Randstad and Wolters Kluwer. This reference group is equal to the Dutch reference Group for the Supervisory Board.

The Remuneration Committee and the Supervisory Board regularly review the composition of both groups in order to ensure that they continue to provide a reliable and suitable basis for comparison. The Supervisory Board updated both the European Insurance peer group and the Dutch General Industry reference group compared to their 2015 selections. Ageas, RSA Insurance Group, Swiss Life Holding and Talanx were added to the European Insurance peer group, while Old Mutual and Standard Life Aberdeen were removed. The peer group size increased from 14 to 16 in order to create a more balanced selection around Aegon's size data. In the Dutch General Industry reference group ABN AMRO, DSM, ING Group, NN Group and Wolters Kluwer replaced ArcelorMittal, RELX Group, Royal Dutch Shell, Unibail-Rodamco and Unilever.

The Remuneration Committee may recommend changes to the compensation levels of the Executive Board members, based on the results of this annual total compensation review and discussions with the Executive Board members regarding their remuneration level and structure. These recommendations are subsequently discussed by the Supervisory Board, which can approve, revise or reject them.

The Supervisory Board, based on the Remuneration Committee review, discussed and approved the 2019 total compensation for the Executive Board.

Fixed compensation

The fixed compensation for the Executive Board members is paid in monthly installments.

Variable compensation

Aegon believes that variable compensation strengthens the commitment of Executive Board members to the Company's strategy, risk tolerance, long-term interests and sustainability. The variable compensation award is based on annual performance against a number of Aegon and personal performance indicators

- These performance indicators are a mix of financial and non-financial performance indicators with a one-year performance horizon.
- The result of a single performance indicator must exceed its predefined threshold level, before this indicator can contribute to the overall performance result. When an indicator result is below this threshold, the contribution of this indicator to the overall performance result is zero.
- In case the performance of an indicator exceeds the target, the contribution of this indicators is capped once it reaches a predefined maximum level. This means that strongly exceeding performance on one specific indicator can only contribute up to a certain level to the overall performance result (i.e. a contribution cap).
- These performance indicators are regularly evaluated by experts in the company's Finance, Risk Management, Business Control, Human Resources and Compliance departments to ensure alignment with the company's objectives, business strategy, risk tolerance and long-term performance remains strong.

At the start of the performance year, the Remuneration Committee recommends a selection of performance indicators for each Executive Board member, including its weights, threshold, target and maximum levels. This recommendation is subsequently reviewed by the Company's Risk Management team (i.e the first ex-ante risk assessment) before it is sent to the Supervisory Board, to ensure that:

- The performance indicators and weights are in line with the Policy;
- The financial performance indicators are consistent with the risk tolerance statements;

- The non-financial performance indicators are consistent with risk tolerance levels, regulatory requirements, reasonable stakeholder expectations and are supporting sound and responsible business practices and integrity of the products and services delivered.

The Supervisory Board can approve, revise or reject the recommended performance indicator selection, taking the results of the risk assessment into account.

Once the Supervisory Board has approved the performance indicators for each Executive Board member, the Executive Board members are also granted their conditionally variable compensation award for that performance year. This conditional award is equal to their at target variable compensation level, which consists of 50% cash and 50% Aegon shares. The grant price for the shares is equal to the volume weighted average price on the Euronext Amsterdam stock exchange for the period December 15 to January 15 at the start of the performance year.

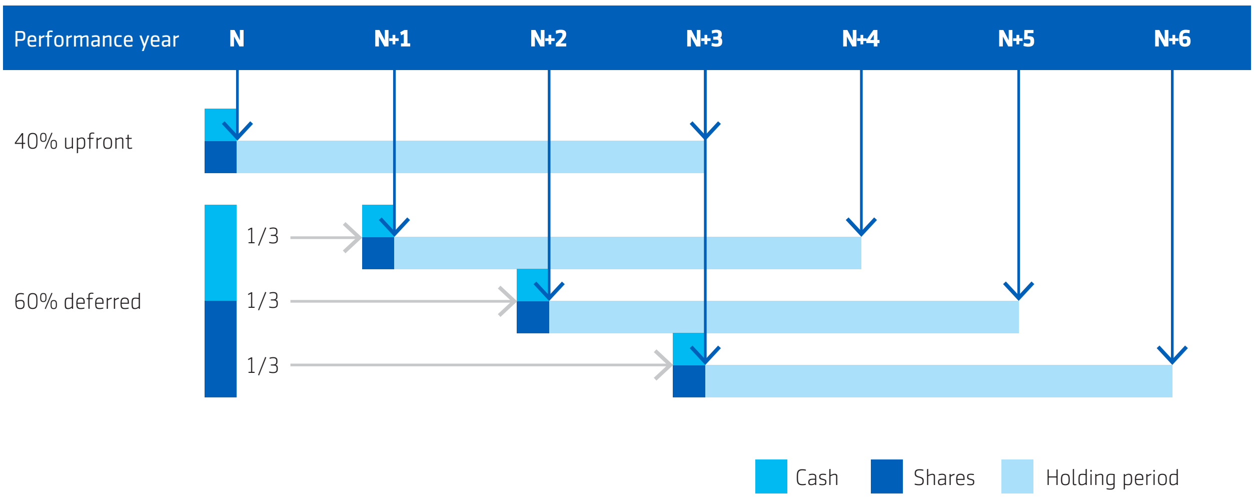
After the completion of the performance year, the Remuneration Committee prepares a recommendation for the allocation of a variable compensation award to each Executive Board member. This recommendation is based on the results on each of the selected performance indicators, its threshold, target and maximum levels and takes a second ex-ante risk assessment by the Company's Risk Management team into account. This risk assessment looks into whether there are reasons for a downward adjustment of the intended variable compensation award (malus) which were not take into account yet, such as:

- Significant risk or compliance incident(s);
- Insufficient response to risk incident(s), compliance incident(s), regulatory fine(s) and/or insufficient execution of risk mitigating measures in response to these incidents;
- Breaches of laws and regulations;
- Insufficient evidence of embedding good standards of practice;
- Significant deficiencies or material weaknesses relating to the Sarbanes-Oxley Act; and
- Reputation damage due to risk events.

In this assessment possible risk mitigating behaviors are also taken into account, such as remaining within risk limits, risk reduction, risk avoidance, risk transfer and risk response by the Executive.

The Remuneration Committee sends its recommendation and the second ex-ante risk assessment to the Supervisory Board, which - based on its informed judgement - can approve, revise or reject the recommendation. This Supervisory Board decision includes validating that, when taken together, the results of the performance indicators represent a fair reflection of the overall performance of the Executive Board member over the performance year.

The allocated variable compensation award is subsequently split into equal parts of cash and Aegon shares, of which 40% is paid out upfront (i.e. in the year following the performance year) and 60% is deferred. The deferred part is paid in three equal tranches over the subsequent three-year period. All shares, both upfront and deferred, are subject to an additional three-year holding period after they are paid[1]. The variable compensation payout can be illustrated by the following example and the graph below. For every 1,000 in variable compensation 400 is paid out in the year following that performance year (year N). This upfront part will be paid 50% in cash (=200) and 50% in a number of shares (=200 / Aegon share price at grant = number of allocated shares). The remaining 600 is deferred and paid-out during the subsequent three years (years N+1, N+2 and N+3).



[1] With the exception of shares withheld to cover for the payment of any applicable taxes, social security premiums and possible other deductions by the government due for which the company holds a withholding obligation in connection with the pay-out of the shares.

All deferred cash and share portions remain conditional until they are paid. Before a deferred portion is paid, the Company's Risk Management team executes an ex-post risk assessment which looks into whether there are reasons for a downward adjustment of the original variable compensation award (malus) which were not taken into account yet. The outstanding deferred portion can be used for correcting the originally award amount accordingly. This risk assessment takes the same criteria into consideration as the second ex-ante risk assessment (above). Based on this assessment, the Remuneration Committee subsequently prepares a pay-out recommendation of the deferred portion (i.e. unchanged or adjusted downward). The Remuneration Committee sends its recommendation and the ex-post risk assessment to the Supervisory Board. The Supervisory Board can approve, revise or reject the recommendation.

Claw-back provision

Aegon's Supervisory Board can claw-back variable compensation that has already been paid to the Executive in case of a material financial restatement or individual gross misconduct, after considering a risk assessment by the Company's Risk Management team which looks into whether in hindsight the paid amount should have been lower or nill. Examples of misconduct are, but not limited to, significant breach of laws and/or regulations, use of violence, either verbally or physically, involvement with fraud, corruption or bribery, significant issues due to evident dereliction of duty and/or discrimination of any kind (for example age or gender). For practical reasons the claw-back amount can be set-off or settled by any current or future obligations as permitted by law.

Pension arrangements

The Executive Board members are offered pension arrangements and retirement benefits in line with the Executive Board Remuneration Policy.

From January to May 2019, Mr. Wynaendts' pension arrangement included retirement provisions that allowed benefits to be taken at the end of the term. From June 2019 onwards, Mr. Wynaendts received a gross allowance for pension purposes, which equaled 40% of the fixed compensation in 2019. In addition to this, Mr. Wynaendts continued to be entitled to an annual gross payment of 28% of his fixed compensation in 2019, which is part of a grandfathered pension arrangement.

Mr. Rider's pension contributions equaled 40% of his fixed compensation in 2019 consisting of:

- Participation in Aegon's career average defined benefit pension plan for NL-based employees, for his fixed income up to EUR 107.593 (2019 threshold set by Dutch law);
- Participation in Aegon's defined contribution pension plan for NL-based employees, for his fixed income above EUR 107.593.
- A gross allowance for pension purposes of around 15%, in order to make the sum of all pension contributions equal to 40% of his fixed compensation in 2019.

Other benefits

Other benefits include non-monetary benefits (e.g. company car), social security contributions by the employer, and tax expenses borne by Aegon.

Aegon does not grant Executive Board members personal loans, guarantees or other such arrangements, unless in the normal course of business and on terms applicable to all employees, and only with the approval of the Company's Supervisory Board.

Terms of Engagement

Members of the Executive Board are appointed for four years, and may then be re-appointed for successive mandates also for a period of four years.

Both Executive Board members have a Board Agreement with Aegon N.V., rather than an employment contract.

Members of the Executive Board may terminate their Board Agreement with a notice period of three months. The Company may terminate the board agreement by giving six months' notice if it wishes to terminate the agreement.

The arrangements with the current Executive Board members contain provisions for severance payments in the event that their agreement is terminated as a result of a merger or takeover. These arrangements do not exceed one year's fixed remuneration. The Supervisory Board has taken appropriate steps to ensure the arrangements of Executive Board members are in line with the Executive Board Remuneration Policy. However, Mr. Wynaendts will not be entitled to a termination payment when his Board Agreement is terminated by the Company on September 30, 2020.

Executive Board remuneration in recent years

A. Fixed compensation 2017-2019

Mr. Wynaendts' annual fixed compensation level increased with 2.5% from EUR 1,294,867 to EUR 1,327,239 per June 2019, which resulted in a total fixed compensation pay-out of EUR 1,313,751 in 2019. Mr. Rider's annual fixed compensation increased with 2.5% from EUR 918,000 to EUR 940,950 per June 2019, which resulted in a total fixed compensation pay-out of EUR 931,388 in 2019. The 2017 fixed compensation for Mr. Rider has been for the period as Executive Board member (per May 19, 2017). His annualized 2017 fixed compensation was EUR 900,000. The IFRS-EU expenses for these fixed compensation amounts are equal to the amounts in the table below.

In EUR thousand	2019	2018	2017
Alex Wynaendts	1,314	1,295	1,269
Matt Rider	931	918	560
Total fixed compensation	**2,245**	**2,213**	**1,829**

B. Conditional variable compensation 2019

In 2019, Mr. Wynaendts and Mr. Rider both had an at target variable compensation opportunity of 80% of their annualized fixed compensation level at year-end. The variable compensation award was based on the results on the Aegon and their personal performance indicators and related target levels, which had been approved by the Supervisory Board at the start of 2019. As a result they would receive the following if the performance indicator results reached the threshold (50%), target (80%) and maximum level (100%), taking into account the grant price of EUR 4.162 for the shares:

Variable compensation opportunity 2019		Threshold (50%)	Target (80%)	Maximum (100%)
Alex Wynaendts	**Total (EUR thousand)**	**664**	**1,062**	**1,327**
	in cash (EUR thousand)	332	531	664
	in shares	79,723	127,557	159,447
Matt Rider	**Total (EUR thousand)**	**470**	**753**	**941**
	in cash (EUR thousand)	235	376	470
	in shares	56,520	90,432	113,040

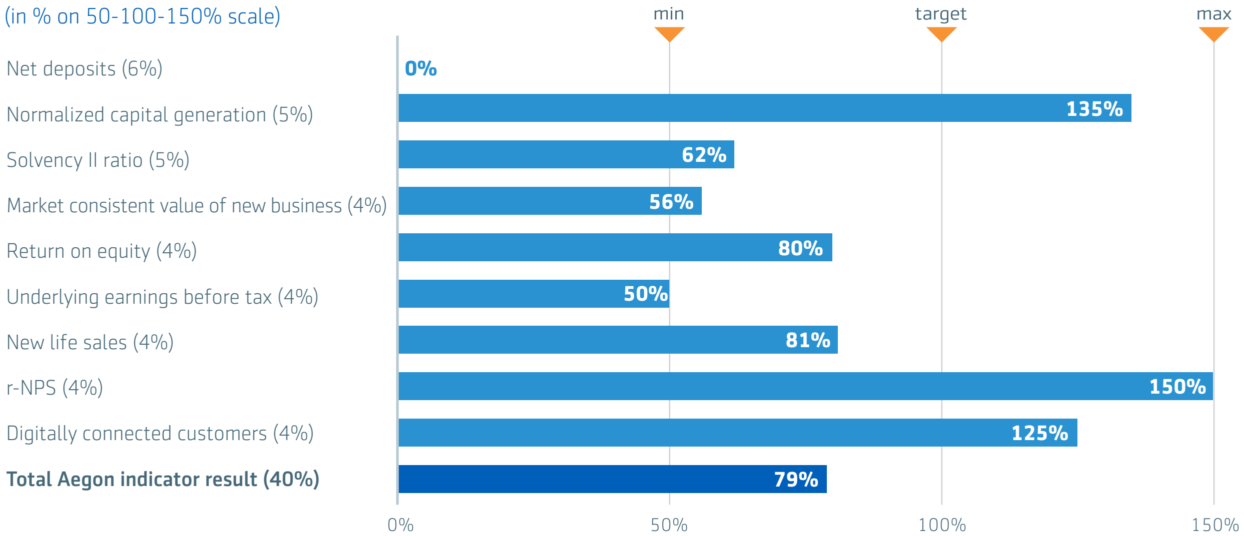
C. Provisional variable compensation 2019

Subject to the adoption of the annual accounts at the General Meeting of Shareholders on May 15, 2020, Mr. Wynaendts has been awarded EUR 1,047,722 in conditional variable compensation for the 2019 performance year (78.9% of fixed compensation) and Mr. Rider EUR 742,786 (78.9% of fixed compensation). Each variable compensation award will be paid in the following cash and share parts, with the shares being subject to an additional holding period of three-years after pay-out.

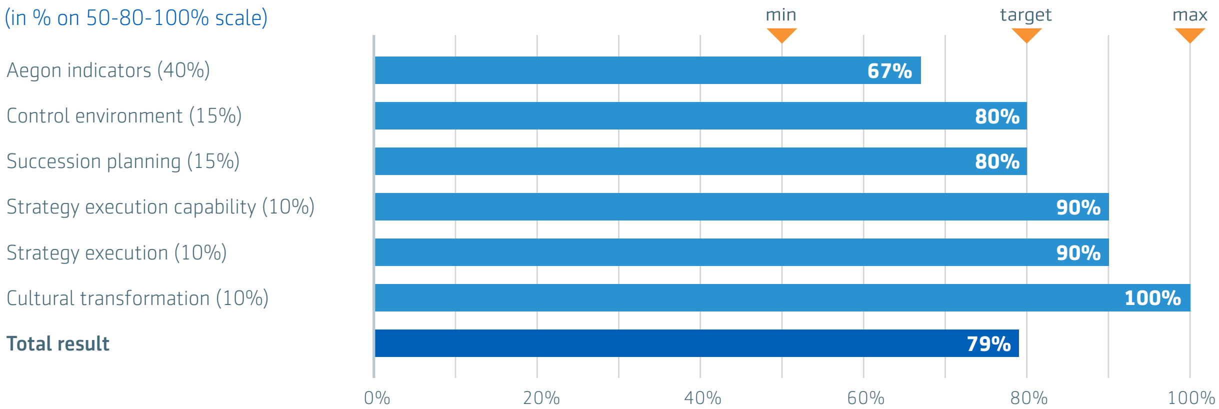
Conditional variable compensation 2019		Pay-out in 2020	Pay-out in 2021	Pay-out in 2022	Pay-out in 2023
Alex Wynaendts	Cash (EUR thousand)	210	105	105	105
	Shares	50,345	25,174	25,174	25,174
Matt Rider	Cash (EUR thousand)	149	74	74	74
	Shares	35,693	17,847	17,847	17,847

The tables below show the results on each of the Aegon and personal indicators which determined the conditional variable compensation awards of Mr. Wynaendts and Mr. Rider, followed by the indicator definitions. The Aegon performance results were scored on a performance scale which was used to fund the 2019 bonus pools within Aegon: 50% for the threshold (minimum), 100% for target level and 150% for the maximum level. The 2019 Aegon performance result on this performance scale was 79%. Converted to the performance scale that applied to the variable compensation of Mr. Wynaendts and Mr. Rider (i.e. with 80% for the target level) the 2019 Aegon performance result was 67%. For the absolute results on each of the Aegon performance indicators, see the table with the business performance highlights in the first chapter of this Remuneration Report.

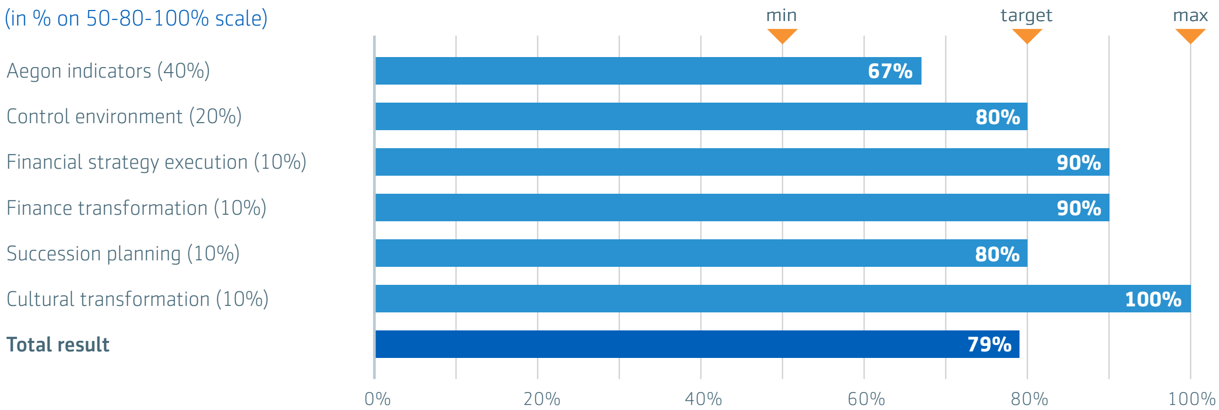
Aegon – Performance indicator results 2019
(in % on 50-100-150% scale)



Alex Wynaendts – Performance indicator results 2019
(in % on 50-80-100% scale)



Matt Rider – Performance indicator results 2019
(in % on 50-80-100% scale)



Scope	Performance indicators	Definition
Aegon financial	Net deposits	Net deposits is the difference between gross deposits and withdrawals. If gross deposits exceed withdrawals, the result is a net inflow of customer money. If withdrawals exceed gross deposits, the result is a net outflow. Gross deposits is a sales metric and reflect amounts paid by policyholders (inflows) on insurance and investment contracts to which deposit accounting is applied.
	Normalized Capital Generation	The movement in our capital position (on a Solvency II basis) during a period in the normal course of business net of market impacts (e.g. changes to interest rates, credit spreads, equity returns) and one-time effects. Impacts from dividends and capital injections that do not generate capital but do affect Own Fund are excluded from capital generation.
	Solvency II ratio	The Solvency II ratio measures the solvency of an EU insurance company. The Solvency ratio is calculated by dividing eligible Own Funds by the Solvency Capital Requirement (SCR) – the amount of capital insurers must hold under the Solvency II regime.
	Market consistent value of new business	Represents how much value the sale of new insurance policies is generating for the company. This value represents the present value of our best estimate of incoming premiums and outgoing claims, benefits and expenses related to these new sales.
	Return on equity	The return on equity (ROE) measures the rate of return that the owners of common stock of a company receive on their shareholdings. Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders. Aegon's ROE is calculated by dividing underlying earnings after tax and after cost of leverage by average shareholders' equity excluding revaluation reserve.
	Underlying earnings before taxes	Underlying earnings before tax reflect our profit from underlying business operations and exclude components that relate to accounting mismatches that are dependent on market volatility or relate to events that are considered outside the normal course of business.
	New life sales	New Life Sales reflect the premiums for new life insurance policies sold during the year. Aegon's new life sales is calculated as a total of recurring premiums and 1/10 of single premiums.
Aegon non-financial	Relational NPS	The Net Promoter Score (NPS) is a customer loyalty metric based on the percentage of customers that would likely recommend our products and services to friends and family (scores 9 and 10) minus the percentage that would not be likely to do so (scores 0 to 6). The Relational NPS measures the whole scope of the client relationship: 1) the contact experience, 2) the products/prices and 3) our brands.
	Digitally connected customers	The total number of customers who have registered, created an online account with Aegon and have logged in to this account at least once.
Alex Wynaendts	Control environment	Measures the effectiveness of Aegon's Control Environment in relation to IT CF implementation, Control Excellence and Solvency II/Solvency Capital reporting controls deficiency rectification.
	Succession planning	Contains personal goals to further improve succession planning for the Management Board and other critical positions.
	Strategy execution capability	Contains personal goals to further grow and accelerate the capability to execute the strategy (staffing, skills and competencies).
	Strategy execution	Consists of five personal milestones which were key for the strategy execution in 2019.
	Cultural transformation	Measures the personal contribution to embedding the Future Fit values in the organization ('Acting as one, Customer centricity, Agility and Accountability').
Matt Rider	Control environment	Measures the effectiveness of Aegon's Control Environment in relation to IT CF implementation, Control Excellence and Solvency II/Solvency Capital reporting controls deficiency rectification.
	Financial strategy execution	Consists of five personal milestones which were key for the strategy execution within the Finance function in 2019.
	Financial transformation	Measures the progress of four transformation processes within the Finance function.
	Succession planning	Contains personal goals to further improve succession planning for senior management positions within the Finance function.
	Cultural transformation	Measures the personal contribution to embedding the Future Fit values in the Finance function ('Acting as one, Customer centricity, Agility and Accountability').

D. Variable compensation 2017-2019

The amounts in the first table represent the total conditional variable compensation awards allocated in relation to the performance year concerned. No circumstances have been identified to lower payout of the deferred payment from prior performance years in 2019 (the so called 'ex-post assessment') or to lower the payout of the upfront payment of the 2018 performance year variable compensation in 2019 (the so called 'ex-ante assessment'). The 2017 variable compensation for Mr. Rider has been for the period as Executive Board member (per May 19, 2017). His annualized 2017 variable compensation was EUR 802,008. The second table contains the expenses for the conditional variable compensation awards, as recognized under the IFRS-EU accounting treatment in the income statement.

In EUR thousand	2019	2018	2017
Alex Wynaendts	1,048	1,062	1,147
Matt Rider	743	760	499
Total conditional variable compensation	**1,791**	**1,822**	**1,646**

In EUR thousand	2019	2018	2017
Alex Wynaendts	976	962	1,092
Matt Rider	627	545	293
Total conditional variable compensation IFRS-EU expenses	**1,604**	**1,507**	**1,385**

E. Pay-out of allocated variable compensation

The following tables show for each current and former Executive Board member how much variable compensation has been paid in shares and cash respectively in 2017, 2018 and 2019 and how much conditional variable compensation is scheduled to be paid-out in the coming years. The vesting price of the share were: EUR 4.423 on May 19, 2017, EUR 5.848 on May 18, 2018 and EUR 4.287 on May 17, 2019. After vesting all shares are subject to an additional three-year holding period.

			Years of vesting						
Shares by plan year	Grant Price [2]	Allocated	2017	2018	2019	2020	2021	2022	2023
Alex Wynaendts									
2013	EUR 4.919	20,981	20,981	-	-	-	-	-	-
2014	EUR 6.739	23,716	13,552	10,164 [1]	-	-	-	-	-
2015	EUR 6.106	45,330	15,110	15,110	15,110	-	-	-	-
2016	EUR 5.128	101,805	40,722	20,361	20,361	20,361	-	-	-
2017	EUR 5.246	109,330	-	43,732	21,866	21,866	21,866	-	-
2018	EUR 5.405	98,282	-	-	39,314	19,656	19,656	19,656	-
2019	EUR 4.162	125,867	-	-	-	50,345	25,174	25,174	25,174
Total number of shares		**525,311**	**90,365**	**89,367**	**96,651**	**112,228**	**66,696**	**44,830**	**25,174**
Matt Rider									
2017	EUR 5.246	47,539	-	19,015	9,508	9,508	9,508	-	-
2018	EUR 5.405	70,272	-	-	28,110	14,054	14,054	14,054	-
2019	EUR 4.162	89,234	-	-	-	35,693	17,847	17,847	17,847
Total number of shares		**207,045**	**-**	**19,015**	**37,618**	**59,255**	**41,409**	**31,901**	**17,847**
Darryl Button									
2013	EUR 4.919	9,572	9,572	-	-	-	-	-	-
2014	EUR 6.739	17,304	8,652	8,652	-	-	-	-	-
2015	EUR 6.106	35,433	11,811	11,811	11,811	-	-	-	-
2016	EUR 5.128	74,038	29,614	14,808	14,808	14,808	-	-	-
Total number of shares		**136,347**	**59,649**	**35,271**	**26,619**	**14,808**	**-**	**-**	**-**
Jan Nooitgedagt									
2013	EUR 4.919	8,826	8,826	-	-	-	-	-	-
Total number of shares		**8,826**	**8,826**	**-**	**-**	**-**	**-**	**-**	**-**

1 In line with the Aegon Group Global Remuneration Framework, it was agreed to adjust Mr Wynaendt's 2014 variable compensation award downwards by 3,388 shares and EUR 22,832 to reflect the outcome of a regulatory matter relating to the company.

2 This is the volume weighted average price (VWAP) of Aegon on the Euronext Amsterdam stock exchange for the period December 15 to January 15. For instance for the 2019 plan year, this is the VWAP for the period December 15, 2018 to January 15, 2019.

		Years of vesting						
Cash by plan year (in EUR)	Allocated	2017	2018	2019	2020	2021	2022	2023
Alex Wynaendts								
2013	103,163	103,163	-	-	-	-	-	-
2014	159,826	91,329	68,497 [1)]	-	-	-	-	-
2015	276,783	92,261	92,261	92,261	-	-	-	-
2016	522,060	208,824	104,412	104,412	104,412	-	-	-
2017	573,550	-	229,420	114,710	114,710	114,710	-	-
2018	531,219	-	-	212,490	106,243	106,243	106,243	-
2019	523,864	-	-	-	209,548	104,772	104,772	104,772
Total cash	**2,690,465**	**495,577**	**494,590**	**523,873**	**534,913**	**325,725**	**211,015**	**104,772**
Matt Rider								
2017	249,390	-	99,756	49,878	49,878	49,878	-	-
2018	379,823	-	-	151,931	75,964	75,964	75,964	-
2019	371,394	-	-	-	148,560	74,278	74,278	74,278
Total cash	**1,000,607**	**-**	**99,756**	**201,809**	**274,402**	**200,120**	**150,242**	**74,278**
Darryl Button								
2013	46,767	46,767	-	-	-	-	-	-
2014	120,048	60,024	60,024	-	-	-	-	-
2015	235,293	78,431	78,431	78,431	-	-	-	-
2016	373,369	149,347	74,674	74,674	74,674	-	-	-
Total cash	**775,477**	**334,569**	**213,129**	**153,105**	**74,674**	**-**	**-**	**-**
Jan Nooitgedagt								
2013	43,396	43,396	-	-	-	-	-	-
Total cash	**43,396**	**43,396**	**-**	**-**	**-**	**-**	**-**	**-**

F. Pension contributions 2017-2019

The allocated amounts in the first table represent the total pension contributions made in relation to the performance year concerned. The second table contains the expenses for pension, as recognized under the IFRS-EU accounting treatment in the income statement.

The 2017-2019 pension contributions for Mr. Wynaendts, under his defined benefit arrangement, include a back service liability which reflects the increase of his fixed compensation in 2016 and 2018, as well as the current low interest rates[1]. This defined benefit arrangement ran up to May 2019, when the final settlement was made.

From June 2019 onwards, Mr. Wynaendts became eligible for the same pension arrangement as Mr. Rider. In this arrangement both receive pension contributions which are equal to 40% of their fixed compensation level. Mr. Wynaendts continued to be entitled to a gross payment of 28% of his fixed compensation level as part of a grandfathered pension arrangement. The 2017 pension contributions for Mr. Rider have been for the period as Executive Board member (per May 19, 2017). His annualized 2017 pension contribution was EUR 360,118.

In EUR thousand	**2019**	2018	2017
Alex Wynaendts	1,302	2,463	2,102
Matt Rider	373	367	224
Total pension contributions	**1,675**	**2,830**	**2,326**

In EUR thousand	**2019**	2018	2017
Alex Wynaendts	1,243	1,952	1,733
Matt Rider	387	379	175
Total pension IFRS-EU expenses	**1,630**	**2,331**	**1,908**

[1] The increase Mr. Wynaendts' fixed compensation in 2016 and 2018 resulted in a back service liability of EUR 1,361 thousand and EUR 340 thousand respectively. The 2016 back service liability was expensed over the 2016-2019 period.

G. Benefits 2017-2019

Other benefits include non-monetary benefits (e.g. company car), social security contributions by the employer, and tax expenses borne by the Company. The 2017 benefits for Mr. Rider have been for the period as Executive Board member (per May 19, 2017). His annualized 2017 benefits were EUR 95,400.The IFRS-EU expenses for these benefits are equal to the amounts in the table below.

In EUR thousand	2019	2018	2017
Alex Wynaendts	252	195	165
Matt Rider	77	46	59
Total benefits	**329**	**240**	**224**

H. Total Compensation in recent years

The Total Compensation for Mr. Wynaendts related to 2019 was EUR 3.9 million (2018: EUR 5.0 million 2017: EUR 4.6 million) and for Mr. Rider EUR 2.1 million (2018: EUR 2.1 million; 2017: EUR 1.3 million). The total remuneration for the members of the Executive Board over 2019 was EUR 6.0 million (2018: EUR 7.1 million; 2017: EUR 6.0 million).

The total expenses recognized under IFRS-EU accounting treatment in the income statement for Mr. Wynaendts related to 2019 were EUR 3.8 million (2018: EUR 4.4 million; 2017: EUR 4.3 million) and for Mr. Rider EUR 2.0 million (2018: EUR 1.9 million; 2017: 1.1 million). Total IFRS-EU expenses for the members of the Executive Board over 2019 were EUR 5.8 million (2018: EUR 6.3 million; 2017: EUR 5.3 million).

All remuneration that has been paid and allocated to the Executive Board members was in accordance with the applicable Executive Board remuneration policy. There were no deviations from the policy.

In line with the European guidelines on the standardized presentation of the remuneration report, you find the remuneration which was awarded and due to the Executives in 2019 and 2018 in the table below. The Variable Compensation amounts differ from the amounts disclosed in the tables above, as it includes the pay-out of variable compensation in cash and shares in the 2019 and 2018 calendar years. These have been awarded for previous performance years. Also the shares are included at the value when they were paid (i.e. vested), which might differ from the initial grant price. Please note that therefore the parts of Mr. Rider's 2017 variable compensation award, which have been paid in 2018 as 'upfront' and in 2019 as 'deferred', are pro-rated for the period as Executive Board member (per May 19, 2017). The Fixed Compensation and Pension amounts are equal to the amounts which are included in the tables above.

	Fixed		Variable		One-off [3]	Pension	Total	Ratio Fixed/ Variable [4]
	Salary	Benefits	Upfront [1]	Deferred [2]				
Alex Wynaendts								
2019	1,314	252	381	557	-	1,302	**3,806**	75% / 25%
2018	1,295	195	485	532	-	2,463	4,969	80% / 20%
Matt Rider								
2019	931	77	272	91	-	373	**1,744**	79% / 21%
2018	918	46	211	-	-	367	1,542	86% / 14%

1 The upfront cash and share payments of the variable compensation of the previous year. The shares are valued at their price at vesting. For example, the upfront cash and shares of the 2018 variable compensation award which were paid in 2019.
2 The deferred cash and share payments of the variable compensation of the years before the previous year. The shares are valued at their price at vesting. For example, the deferred cash and shares of the 2015-2017 variable compensation awards which were paid in 2019.
3 There were no extraordinary (non-recurring) payments or other benefits in 2019 and 2018.
4 Fixed is the sum of Salary, Benefits and Pension divided by the Total. Variable is the sum of Upfront, Deferred and One-off divided by the Total.

The table below presents the total compensation that has been paid in the last five calendar years on an annualized basis and the year-on-year annual change in total compensation. Please note that therefore Mr. Rider's 2017 total compensation level has been annualized, as well as the parts of his 2017 variable compensation award, which have been paid in the calendar years 2018 and 2019 (increasing the total 2018 and 2019 awarded and due level compared to the table above). Additionally the table show the Aegon net income, a proxy of the financial and non-financial business performance, the vesting price of the Aegon shares, the inflation in the Netherlands and the average employee compensation over the same period.

In EUR thousand	Annualized	2015	2016	2017	2018	2019
Alex Wynaendts	Awarded and due	3,702	4,455	4,431	4,969	3,806
	Change	-	20%	(1%)	12%	(23%)
Matt Rider (as of May 19, 2017)	Awarded and due	-	-	1,357	1,670	1,799
	Change	-	-	-	23%	8%
Darryl Button (up to Dec 1, 2016)	Awarded and due	2,047	2,370	-	-	-
	Change		16%	-	-	-
Aegon net income	In EUR million	(523)	586	2,361	744	1,528
Aegon business performance [1)]	Target = 100%	94%	91%	121%	106%	79%
Vesting price Aegon shares	In EUR	7.243	4.502	4.423	5.848	4.287
Inflation in the Netherlands	Consumer Price Index	0.6%	0.3%	1.4%	1.7%	2.6%
Average employee compensation [2)]	Total compensation	95	97	102	104	115
	Annual change	-	2%	5%	2%	11%

1 The weighted average Aegon financial and non-financial business performance, expressed as a percentage on a performance scale with 50% as threshold, 100% as target and 150% as maximum, as used for the allocation of variable compensation in the applicable year.

2 Consistent with the CEO pay ratio calculation, the average employee compensation is based on the audited total IFRS-EU remuneration expenses for all employees divided by the number of employees in scope for these expenses.

2020 Executive Board performance indicators

Looking ahead to the 2020 performance years, the 2020 performance indicators for Mr. Wynaendts and Mr. Rider are presented in the tables below, including the definitions and target levels of each of the performance indicators.

Alex Wynaendts	Weight	Performance indicators	Performance period
Aegon financial	10%	Normalized Capital Generation	2 years (2019-2020) [1)]
	10%	Relative TSR	1 year [2)]
	10%	Fees and Premium Based Revenues	1 year
	10%	Normalized Consistent Value of New Business	1 year
	10%	Return on Equity	1 year
Aegon Non-financial	10%	Relational NPS	1 year
	20%	Strategy Execution	1 year
Personal	10%	Sustainable Organization	1 year
	10%	Handover to successor	1 year
Total	100%		

Matt Rider	Weight	Performance indicators	Performance period
Aegon financial	10%	Normalized Capital Generation	2 years (2019-2020) [1)]
	10%	Relative TSR	1 year [2)]
	10%	Fees and Premium Based Revenues	1 year
	10%	Normalized Consistent Value of New Business	1 year
	10%	Return on Equity	1 year
Aegon Non-financial	10%	Relational NPS	1 year
	10%	Strategy Execution	1 year
Personal	10%	Sustainable Organization	1 year
	10%	Financial Strategy Execution	1 year
	10%	Finance Transformation	1 year
Total	100%		

1 Will become a 3-year performance period from 2021 onwards. This is phased in with a 2-year performance period (2019-2020) for the 2020 plan year. The 2019-2020 target is equal to the first two years of the 3-year target for the 2019-2021 period which was disclosed last year.

2 Will become a 3-year performance period from 2022 onwards. It is phased in with a 1-year performance period (2020) for the 2020 plan year and a 2-year performance period (2020-2021) for the 2021 plan year.

Scope	Performance indicators	Definition
Aegon financial	Normalized capital generation	The movement in our capital position (on a Solvency II basis) during a period in the normal course of business net of market impacts (e.g. changes to interest rates, credit spreads, equity returns) and one-time effects. Impacts from dividends and capital injections that do not generate capital but do affect Own Funds are excluded from capital generation. The 2-year target is the 2019-2020 target from the 2019-2021 target which was disclosed last year.
	Relative TSR	Aegon position relative to 7 US and 7 non-US peers when looking at Total Shareholder Return for a 1-year performance period. These peers are selected for being the most similar to Aegon based on their index listing, industry classification, 5 year monthly Beta, Market Capitalization and Total Revenue[1]. The target is to be in the top 5 out of the 15 companies.
	Fees and Premium Based Revenues	Fees and Premium Based Revenues represent the income from Aegon's fee businesses as well as the fees charged and the actual premium collected less the benefit premium, expense loadings and profit margins included in premiums for its life insurance and pensions business. The target is part of the approved 2020 budget.
	Market Consistent Value of New Business	Represents how much value the sale of new insurance policies is generating for the company. This value represents the present value of our best estimate of incoming premiums and outgoing claims, benefits and expenses related to these new sales. The target is part of the approved 2020 budget.
	Return on equity	The return on equity (ROE) measures the rate of return that the owners of common stock of a company receive on their shareholdings. Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders. Aegon's ROE is calculated by dividing underlying earnings after tax and after cost of leverage by average shareholders' equity excluding revaluation reserve. The target is part of the approved 2020 budget.
Aegon non-financial	Relational NPS	The Net Promoter Score (NPS) is a customer loyalty metric based on the percentage of customers that would likely recommend our products and services to friends and family (scores 9 and 10) minus the percentage that would not be likely to do so (scores 0 to 6). The Relational NPS measures the whole scope of the client relationship: 1) the contact experience, 2) the products/prices and 3) our brands. The target is the 2019 result +3.
	Strategy execution	Measures the execution of the three projects which are key for a successful execution of Aegon's strategy. The targets are derived from the approved 2020 project plans.
Alex Wynaendts	Sustainable Organization	Measures a combination of ESG related goals through personal goals on Employee Engagement and Inclusion & Diversity.
	Handover to successor	Contains two personal milestones for a successful handover to the new CEO.
Matt Rider	Sustainable Organization	Measures a combination of ESG related goals through personal goals on Employee Engagement, governance during CEO transition and Control Environment.
	Financial Strategy Execution	Consists of five personal milestones which are key for the strategy execution within the Finance function in 2020.
	Finance Transformation	Measures the progress of three transformation processes within the Finance function.

[1] The US peers are Axa Equitable Holdings, Principal Financial Group, Unum Group, Lincoln National Corp, Prudential Financial, Brighthouse Financial and MetLife. The non-US peers are Athene Holding, NN Group, Swiss Life Holding, Assicurazioni Generali, Baloise Holding, Prudential and ASR Nederland.

6. Proposed 2020 Executive Board Remuneration Policy

A. Policy

A.1 Remuneration Policy

This Executive Board Remuneration Policy (the "Policy") outlines the terms and conditions for the board agreement with and remuneration of the members of the Executive Board of Aegon N.V. (the "Executives"), to be submitted for approval by the shareholders of Aegon N.V. (the "Shareholders") at the Annual General Meeting of Shareholders on May 15, 2020. This Policy replaces the Aegon N.V. Executive Board Remuneration Policy of 2011.

Remuneration of all employees of Aegon N.V. and its direct and indirect subsidiaries ("Aegon") and the Executives is governed by the Aegon Group Global Remuneration Framework (the "Remuneration Framework"). This Policy is aligned with the current version of this Remuneration Framework, which was adopted by the Supervisory Board of Aegon N.V. (the "Supervisory Board") on December 17, 2019.

The Remuneration Committee of the Supervisory Board of Aegon N.V. (the "Remuneration Committee") prepared the changes to this Policy, which were endorsed by the Supervisory Board on March 17, 2020. At the date of approval, the Policy complies with the applicable rules and regulations such as the Dutch

Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code and the Solvency II Legal Framework.

A.2 Policy Term
This Policy will take effect retroactively from January 1, 2020.

The Policy remains in place until a new or revised Policy has been adopted by the Shareholders in accordance with the applicable requirements from the Dutch Civil Code. The Supervisory Board will submit a proposal to the Shareholders to adopt a Policy at an Annual Meeting of Shareholders (the "Shareholders' Meeting") at least every four years. The Policy will subsist if Shareholders reject a new or revised Policy at a Shareholders' Meeting, even if this would be four years after the approval of this Policy. Subsequently the Supervisory Board is required to submit a new proposal to the Shareholders to adopt a Policy at the next Shareholders' Meeting (and if rejected again, the next Shareholders' Meeting thereafter, etc.), while this Policy subsists.

A.3 Policy Changes
The Supervisory Board made several material changes to this Policy compared to the previous version in order to comply with the new Dutch Act which implements the Shareholder Rights Directive and to incorporate Shareholder feedback on the previous Executive Board Remuneration Policy of 2011.

The main changes in the Policy are:
- Increased transparency by clarifying how the Policy contributes to Aegon's strategy, long-term interests and sustainability and how it take into account Aegon's identity, purpose, values and Stakeholder environment.
- Increased transparency with additional disclosure on the remuneration elements which can be offered to the Executive.
- The Variable Compensation award will be based on performance indicators from pre-defined performance indicator categories as described in this Policy (see also D.1). The defined performance indicator categories are mandatory to ensure that Stakeholder interests are represented.
- At least 20% of the performance indicators will be measured over a retrospective 3-year performance period. Since 2011 indicators were measured on a 1-year performance period only, in response to regulatory changes at that time. By re-introducing 3-year performance indicators, the Executive's compensation can be further aligned with Aegon's long-term commitments to its Shareholders and other Stakeholders.
- The portion of the Variable Compensation award that will be paid in Aegon N.V. shares ("Shares") is increased from 50% to 66 2/3%, while the Cash portion is decreased from 50% to 33 1/3%. This changes adds further alignment between the Executive, the long-term interests of Aegon and its Shareholders.
- The vesting schedule of the Variable Compensation award is changed into one upfront Cash part of 33 1/3% and one deferred Share part of 66 2/3%. The Shares cliff-vest after 3 years and are subject to an additional holding period of 2 years. Previously the vesting schedule paid the Variable Compensation award for 40% upfront and for 60% deferred in three tranches over a 3-year period, with each upfront and deferred part split into 50:50 in Cash and Shares. All Shares were subject to an additional holding period of 3 years. This change raises the restriction period of the Shares from an average 4.2 years to 5 years, adding to the alignment of the Executive with the long-term interests of Aegon and its Shareholders. This change also simplifies the remuneration structure of the Executive and increased its transparency.

A.4 Policy Considerations
The Policy contributes to Aegon's strategy, long-term interests and sustainability through the remuneration of the Executives in various ways:
- The Policy provides the Supervisory Board with the means to attract, motivate and retain competent and experienced Executives for the long-term. Having motivated, competent and experienced Executives on board is essential for executing Aegon's strategy and safeguarding and promoting its long-term interests and sustainability.
- Our strategy is about building life-time relationships with customers, to create financial security and well-being throughout their lives. To pursue this strategy our focus is on sustainable growth through expanding our customer base, increasing efficiency, capitalizing on the advantages of being a global group and investing more in growth businesses. The leading performance indicator categories for successful execution of this strategy are Capital, Growth and Strategy (see also D.1). To support Aegon's strategy execution, the Policy makes these performance indicator categories mandatory for the Executive.
- Aegon believes it must create long-term value for its Stakeholders and the societies in which it operates. Because of the nature of our business, value created is often financial, but it may also be social, economic or environmental. The Policy directly aligns the Executive's personal long-term interests with that of Aegon and its Shareholders by paying a significant part of the Executive's Variable Compensation (66 2/3%) in Shares which must be held for 5 years after completion of the performance period (see also C.3.4). The pay-out in these restricted Shares is combined with prohibiting the Executive in this Policy from using personal hedging strategies or insurance which could undermine this long-term alignment of interests (see also E.2). Additionally, the Executive is aligned with the long-term interest of Aegon, its Shareholders and other Stakeholders through the use of mandatory performance indicator categories of Earnings, Shareholders and Other Stakeholders (see D.1 for more details).

- Aegon is committed to doing business responsibly and in a sustainable way. Variable Compensation of the Executive can be adjusted downwards (i.e. malus) or clawed-back in case certain performance has not been achieved in a sustainable way, such as but not limited to: significant risk and compliance incidents, insufficient response to such incidents and/or insufficient evidence of embedding of good standards of practice, such as sound and responsible business practices and integrity of products and services delivered. Additionally, the Policy makes the performance indicator category Environmental, Social and Governance ("ESG") mandatory for the Executive to support this approach of doing business (see D.1 for more details).

The Supervisory Board took Aegon's identity, purpose and values into account when developing the Policy and its changes:

- Aegon is an international financial services group based in the Netherlands which provides life insurance, pensions and asset management (identity). The main operations are in the US, the Netherlands and the UK, while there is also significant presence in Southern and Eastern Europe, Asia and Latin America. The Policy provides the Supervisory Board with the means to attract, motivate and retain Executives who are competent and experienced to run Aegon in this specific context. As the Executives are based in the Netherlands, the Policy considers the European Insurance peers as well as Dutch General Industry peers to be the relevant external reference for Executive Remuneration. The Policy is also strongly influenced by the European and Dutch rules and regulations on (Executive) remuneration which apply to Aegon.
- Aegon's purpose is to help people achieve a lifetime of financial security. In order to fulfill this purpose, Aegon has a strategy to which this Policy actively contributes (see above).
- The four Future Fit values 'Acting as one, Customer centricity, Agility and Accountability' aim to create a company that is fit for the future: one that meets customers' expectations, is right for our digitally-connected, data-driven world and can adapt quickly to changing market conditions. These values have most prominently been reflected in the Policy as follows:
  - Acting as one: At least 50% of the Executive's variable compensation is determined by Aegon's Group performance, in addition to the Executive's personal performance, stressing the importance of working together.
  - Customer centricity: The performance indicator categories Growth and Other Stakeholders are mandatory for the Executive in order to focus on (sustainable) sales to customers and Aegon's relationship with its customers respectively.
  - Agility: Aegon is active in a highly dynamic environment which requires it to respond quickly to changing conditions. Using performance indicator categories rather than specific performance indicators, provide the Executive and Supervisory Board the flexibility to agree to those performance indicators which are most relevant for the execution of the strategy at that moment.
  - Accountability: The Policy establishes a clear link between pay and performance by offering the Executive a Variable Compensation opportunity which is based on the results of pre-defined performance indicators, target levels and calculation rules. This is combined with allowing the Supervisory Board to adjust the Variable Compensation award before pay-out (malus) or claw back (part of) the paid award, if there are reasons discovered that would in hindsight justify a lower (or no) Variable Compensation award.

The Supervisory Board took the internal compensation structures and levels into account when selecting the remuneration elements and their levels for this Policy. Aegon has employees worldwide, so the compensation structures and levels vary from country to country and strongly depend on the local market practices. Whilst the majority of the Aegon employees are located outside of Europe, predominantly in the US, the remuneration levels of the Executives are aligned with the internal compensation structures and levels of employees in Europe (the Netherlands specifically) and external European and Dutch market references (see C.1 for more details). The Fixed Compensation level of the Executive is following the internal compensation trend line, taking into account the additional responsibilities of the Executive compared to the Aegon Management Board members and other Senior Managers.

The Executive participates in collective compensation and benefit plans. The target and maximum Variable Compensation levels as well as the Pension Contribution level for the Executive are equal to that of some of the Management Board members in the Netherlands. The Executive is also subject to several collective Aegon employee plan rules, such as the Aegon Group Material Risk Taker Variable Compensation Plan and the Individual Defined Contribution pension plans for Aegon employees in the Netherlands

The Supervisory Board developed draft Policy changes based on the requirements of the new Dutch Act which implemented the Shareholder Rights Directive and shareholder feedback on the previous version. Subsequently the Supervisory Board actively consulted with a number of stakeholders to discuss the draft Policy and its changes in order to assess its public support. The Chairman of the Remuneration Committee, supported by the Investor Relations and the Compensation & Benefits team, consulted Aegon's main Shareholders including Vereniging Aegon, proxy advisory bodies and Shareholder interest groups on the draft changes. The Chairman of the Remuneration Committee discussed the draft Policy with the European Works Council, while the Chairman of the Supervisory Board discussed it with the Central Works Council in the Netherlands. All feedback was shared with the Supervisory Board. They took note that while not all Stakeholder feedback was aligned, there were no significant conflicts either. The Supervisory Board revised and fine-tuned several parts of the draft Policy for its final version, such as the definitions of the performance indicator categories.

On an ongoing basis, the Supervisory Board and the Executives regularly discuss remuneration related topics with the supervisory authorities, legislators and politicians. Within Aegon constant monitoring of (social) media takes place, including sensitive topics such as remuneration, and such feedback is shared with the Supervisory Board.

The Policy links the development of Share price in two ways to the Executive's remuneration. The Executive's Variable Compensation is partially based on a performance indicator related to Shareholders interests, for example relative Total Shareholder Return which looks at the change Share price (and dividend payments) compared to peer companies (see also D.1). Subsequently, two-thirds of the Variable Compensation award is paid in Shares. These Shares are restricted for a period of 5 years (a 3-year vesting period plus an additional 2-year holding period), which exposes the Executive to Share price movements during this period.

The Remuneration Committee conducted a scenario analysis in relation to these Policy changes to determine the long-term effect on the remuneration structure and level of each Executive and reviewed the historical share price development. The Committee concluded that the impact of the Policy changes were reasonable and reported these findings to the Supervisory Board, who took note of these conclusions when they endorsed the Policy on March 17, 2020.

A.5 Policy Review and Revision

Each year, the Policy will be reviewed by the Remuneration Committee. The Remuneration Committee may suggest revisions to the Policy or a new policy to the Supervisory Board. When endorsed, the Supervisory Board will submit a proposal to the Shareholders to adopt the revised or new policy at a Shareholders' Meeting.

A.6 Temporary Derogation from the Policy

As determined by the Dutch Civil Code, derogation from this Policy is only allowed under exceptional circumstances and for a limited time period under the following conditions:

- The derogation can be from any remuneration element and/or provision in this Policy, as long as it continues to stay:
  - In line with the general spirit of this Policy as described in A.4;
  - In line with the internal and external references as defined in this Policy (see C.1), and;
  - Compliant with the applicable legislation and regulations.
- The Supervisory Board will adopt a derogation which includes at least the following details:
  - An explanation why the derogation is required in order to serve the long-term interest and sustainability of Aegon as a whole or to assure its viability;
  - Which remuneration element or provision is derogated from and how it affects the Executive's compensation levels;
  - An assessment which confirms that the Policy allows the proposed derogation and that it complies with the applicable rules and regulations;
  - The period of derogation. This period is limited to the moment the Shareholders have adopted a revised or new policy at a Shareholders' Meeting.
- The derogation and the abovementioned Supervisory Board approval details are disclosed in the next Remuneration Report.

In case a future change in rules and regulations conflicts with (a part of) this Policy, the Supervisory Board may deviate from this Policy to ensure compliance with the new rules and regulations. The Supervisory Board will disclose the deviation in the Remuneration Report and submit a proposal to the Shareholders to adopt a revised Policy at a Shareholders' Meeting which complies with the new rules and regulations.

B. Appointment

The Shareholders appoint and reappoint an Executive for a maximum term of four years per (re)appointment in accordance with the Dutch Civil Code and the Articles of Association of Aegon N.V.. The Executive and Aegon N.V. enter into a board agreement for the duration of this term (the "Board Agreement").

C. Remuneration Structure

C.1 Remuneration package and level

The details of the Executive remuneration package are laid down in the Board Agreement. This remuneration package consists of four categories: Fixed Compensation, Variable Compensation, Pension Arrangements and Other Benefits & Arrangements. This Policy defines which remuneration elements, within each of these four categories, the Supervisory Board must or may include in the Executive's Board Agreement. Remuneration elements which are not included in this Policy cannot be offered to Executives.

The Supervisory Board determines and regularly reviews the appropriate selection of remuneration elements and their (maximum) remuneration level for the Executive to ensure the structure remains competitive and provides proper and risk-based incentives in line with Aegon's risk appetite: The Fixed and Variable Compensation elements and their levels are reviewed at least once a year. The Pension Arrangements and Other Benefits & Arrangements and their levels are reviewed at least every four years. In their review the Supervisory Board takes the specific role, responsibilities, experience and expertise of the Executive into account as well as internal and external reference information:

- The internal references are the compensation structure and levels of the members of the Management Board of Aegon N.V. and the annual compensation changes of the general employee population and senior managers within Europe and the Netherlands specifically.

- The external references are compensation trends in the market, economic developments (e.g. inflation) as well as quantitative assessments of the competitiveness against a peer group of insurance companies in Europe and a peer group of companies based in the Netherlands (see the Annex for details of the peer group selection).
- Additionally, the Remuneration Committee conducts a scenario analysis in case of a Policy change to determine the long-term effect on the remuneration structure and level of each Executive and reports their findings to the Supervisory Board.

C.2 Fixed Compensation

Executives receive a gross monthly Cash Base Fee as Fixed Compensation. This monthly fee is one-twelfth of the gross annual Cash Base Fee.

The Supervisory Board may entitle Executives to other forms of Fixed Compensation:

- A gross monthly payment of Shares as Base Fee in accordance with the Aegon Group Plan Rules for the Share Component of the Fixed Salary, which is the collective policy for all eligible Aegon employees. This Plan has been adopted by the Supervisory Board and may be amended from time to time by the Supervisory Board.
- A permanent or temporary gross monthly Fixed Allowance, when the Supervisory Board considers this an appropriate alternative for other remuneration elements. The level of this gross monthly Fixed Allowance cannot fluctuate each month or year based on the Executive's performance. Examples are a temporary Fixed Allowance for additional interim responsibilities or a permanent Fixed Allowance for expatriate arrangements in line with the internal collective International Mobility Policies and market practice.

The total Base Fee is the calculation basis for Variable Compensation and Pension Arrangements.

The Supervisory Board may increase the Base Fee level, as long as it stays in line with the internal and external references as referred to in C.1. This most commonly is an annual correction based on economic or market developments, such as inflation.

As of the effective date of the Policy, the Executives receive:

- Mr. Wynaendts (CEO): An annual gross Cash Base Fee of EUR 1,327,239 and a permanent Fixed Allowance of 2% of the annual gross Cash Base Fee. This Fixed Allowance was permanently added to the remuneration package as alternative for an indexation of the Cash Base, which was at that moment in time the preferred choice.
- Mr. Rider (CFO): An annual gross Cash Base Fee of EUR 940,950.
- Mr. Friese, when appointed to the Executive Board at the Annual General Meeting of Shareholders on May 15, 2020: An annual gross Cash Base Fee of EUR 1,485,000.

C.3 Variable Compensation

C.3.1 Variable Compensation level

The Executive is eligible for Variable Compensation with a target level of 80% of the Executive's annual Base Fee, with a threshold level of 50% and a maximum opportunity of 100% of their annual Base Fee.

C.3.2 Variable Compensation plan rules

The Executive's Variable Compensation is subject to the Aegon Group Material Risk Taker Variable Compensation Plan, which is the collective policy for all Material Risk Takers within Aegon. These plan rules have been adopted by the Supervisory Board and may be amended from time to time by the Supervisory Board (see 3.3.7 for the main rules of this plan).

C.3.3 Variable Compensation allocation

The Variable Compensation award is allocated by the Supervisory Board after the completion of the performance year, based on the results of pre-defined performance indicators, target levels and calculation rules (see D.1 - D.3 for more details), while also taking the behavior and development of the Executive into account. The Supervisory Board can adjust the calculated award downwards before allocation, based on the findings of the mandatory Ex-Ante Malus risk assessment. The Ex-Ante Malus assessment process and criteria are part of the Aegon Group Material Risk Taker Variable Compensation Plan.

Guaranteed Variable Compensation can only be allocated by the Supervisory Board in accordance with the applicable rules of the Dutch Financial Supervision Act. This currently means that the Supervisory Board can only allocate a guaranteed Variable Compensation award within the first year of the appointment of an external candidate as Executive, provided that Aegon's financial position is considered sound by the applicable standards.

C.3.4 Vesting Schedule

Once allocated, 33 1/3% of the Variable Compensation award will be paid for upfront in Cash as soon as reasonably practical after the completed performance year. The remaining 66 2/3% of the award will be deferred in Shares and will cliff-vest after 3-years as soon as possible after the adoption of the Aegon Annual Report in the year of vesting. The number of deferred Shares is calculated in accordance with the Aegon Group Material Risk Taker Variable Compensation Plan (i.e. based on the grant price as defined in this plan).

The Supervisory Board can adjust the deferred portion downwards before vesting, based on the findings of the mandatory Ex-Post Malus risk assessment. The ex-post assessment process and criteria are defined in the Material Risk Taker Variable Compensation Plan.

C.3.5 Shareholding requirement

The Shares that have been allocated to the Executive as Variable Compensation will be held for a total period of 5 years after allocation, before they are released to the Executive. This period consists of a 3-year vesting period and an additional 2-year holding period.

This means the Executive has a shareholding requirement based on time (i.e. 5 years after allocation) and not based on a relative amount compared to the annual Base Fee. For reference, once the Vesting Schedule is fully phased in, at least 135% of the Executive's gross annual Base Fee is structurally held in net Shares, assuming five years of at target Share allocation, the current income tax rate and no or moderate changes in the Annual Base Fee and Share price level.

C.3.6 Claw Back

The Supervisory Board has the authority to re-claim (i.e. claw back) any paid and vested Variable Compensation, in Cash or in Shares, in accordance with Dutch Financial Supervision Act and the Material Risk Taker Variable Compensation Plan, in case of but not limited to a material financial restatement or individual gross misconduct.

C.3.7 Collective Variable Compensation rules

At the date of the Policy approval, the main Variable Compensation Plan Rules for all Material Risk Taker (including the Executives) are:

- The Variable Compensation is conditionally granted and the conditional right to Variable Compensation is subject to the conditions precedent:
  - That, unless stated otherwise or approved by the Aegon, the Executive will remain employed within the Aegon uninterruptedly until the Vesting Date of each part of the Variable Compensation;
  - That the performance and development, the behavior and overall contribution are assessed (see also C.3.3.);
  - An Ex-ante and an Ex-post Malus assessment has been carried out (see also C.3.3 also C.3.4).
- The grant price is the volume weighted average Share price on the Euronext stock exchange in Amsterdam, the Netherlands during the period December 15 preceding the plan year and January 15 of the plan year.
- In this context, the employment of the Executive is considered to be continued uninterruptedly in the case where the Executive's Board Agreement is terminated due to long-term ill health, disability, (early) retirement, death or reduction of work force or redundancy of the job or position of the Executive, without cause by the Participant, during the period until a vesting date and, consequently, such Executive is considered to be a Good Leaver. In addition, the Supervisory Board may, at its full discretion, declare an Executive to be a Good Leaver.
- In the event of termination of the Board Agreement of a Good Leaver during the plan year, in principle, the Variable Compensation that will be paid-out (including the number of conditionally granted Shares that will Vest) will be pro-rated to reflect the period of active service from the grant date until the termination date, subject to the final approval of the Supervisory board.
- Except in the event an Executive is considered a Good Leaver, the Variable Compensation that is conditionally granted will lapse on the date that the Board Agreement of the Executive is terminated prior to a vesting date.
- No dividend or interest will accrue on any part of the Variable Compensation before vesting.
- Vested Shares, whether or not subject to a holding period (see C.3.5), will accrue regular dividends (if any) as from the vesting date.
- In connection with any actual or potential sale or change of control or a transaction concerning the sale of a subsidiary or business unit within Aegon, the Supervisory Board will take all such actions hereunder as it may determine to be necessary or appropriate to treat the Executive equal and equitably, including without limitation the modification or waiver of applicable performance indicators, and whether to establish or fund another arrangement intended for Variable Compensation.

C.4 Pension Arrangements

The Executive is entitled to Pension contributions that equal 40% of the gross annual Base Fee.

The Executive is enrolled in the applicable local employee pension plan(s). In the Netherlands this is a mandatory Individual Defined Contribution pension plan up to the applicable annual fiscal threshold on eligible earnings and an optional Individual Defined Contribution pension plan for eligible earnings exceeding this threshold.

If the sum of the Defined Contributions to these plans in a calendar year is less than the pledged Pension contribution level of 40% of the gross annual Base Fee, the Executive receives the difference in an annual contribution for Pension purposes in November of that calendar year.

C.5 Other Benefits & Arrangements

C.5.1 Sign-on and buy-out

The Supervisory Board may agree to a sign-on and/or buy-out arrangement in order to attract an external candidate to be appointed to the Executive Board. The arrangement can only be offered on an exceptional basis within the first year of joining the company, when this is in the long-term interest of Aegon and there are circumstances that justify such an arrangement. Examples of these circumstances are but not limited to, competition in recruiting the same candidate (i.e. increased market value), competition from the candidate's employer, differences in compensation and benefits compared to the candidate's previous employer, loss of income by the candidate as a result of a non-compete period, the candidate losing unvested variable compensation at their previous employer and losing the variable compensation opportunity of the current performance year at the previous employer. When the arrangement replaces forfeited compensation (opportunity), it should be on substantially similar terms (e.g. deferral periods) and at the moment of conversion not more generous compared to the value that was lost.

Any sign-on or buy-out arrangement will be disclosed in the Remuneration Report.

C.5.2 Retention bonus

The Supervisory Board may allocate a retention bonus within the rules of the Dutch Financial Supervision Act. At the time of the Policy approval, these rules require that a retention bonus:

- Is necessary in the context of a structural organization change such as a merger, divestiture, a take-over or a major organizational internal restructuring, and;
- Solely serves to retain the Executive; and
- Together with the allocated Variable Compensation award do not exceed the bonus cap of 100% of the Executive's Fixed Compensation level.

Any retention bonus will be disclosed in the Remuneration Report.

C.5.3 Other benefits

The Supervisory Board may, but not limited to, offer the Executive the following other benefits:

- A Company Car in accordance with the local Company Car policy for employees;
- A driver for the Company Car for business related purposes;
- Reimbursement of the Executive's (fiscal) costs for the private use of the Company Car;
- Third party tax services to ensure compliance with the applicable tax law(s);
- To participate in other collective benefits which are offered to (local) Aegon employees, such as but not limited to the collective disability arrangement, collective health insurance and the Expat Policy.

The Supervisory Board may also apply the collective (local) Aegon employee provisions regarding reimbursement of expenses, sickness-absence and disability to the Executive.

The Supervisory Board will not approve any personal loans, guarantees or the like to Executives, unless in the normal course of business and on terms that collectively apply (local) Aegon employees.

C.5.4 Grandfathered arrangements

The Supervisory Board may respect any arrangements between Aegon and the Executive, if the terms were agreed prior to the effective date of this Policy or if the terms were agreed before the individual was appointed to the Executive Board.

Mr. Wynaendts has a grandfathered arrangement, which is an additional annual contribution for Pension purposes of 28% of the gross annual Base Fee.

C.5.5 Termination Fee

The Supervisory Board may include a Termination Fee clause in the Executive's Board Agreement for certain scenarios for a Fee up to or equal to the total annual Base Fee.

However, there a Termination Fee is not allowed in case of:

- Early termination of the Executive on the initiative of the Executive, unless due to imputable acts or omissions of Aegon;
- Imputable acts or omissions by the Executive; or
- Failure of Aegon during the appointment term of the Executive.

D. Performance indicators for Variable Compensation

D.1 Performance Indicators

Each year Variable Compensation is allocated based on performance against a set of performance indicators, weights and target levels that have been agreed by the Executive with the Supervisory Board at the start of the performance year. Aegon allocates one Variable Compensation award, which is paid partially in upfront Cash and partially in deferred Shares (see also C.3.4). The performance indicators for this Cash and Share based Variable Compensation award contribute to Aegon's strategy, long-term interests and sustainability, within Aegon's risk tolerance. Therefore the performance indicators are:

- A mix of financial and non-financial performance indicators, with at least 50% weight allocated to the non-financial performance indicators in accordance with article 1:118.3 of the Dutch Financial Supervision Act;
- A mix of unadjusted financial and risk-adjusted financial performance indicators, with a maximum weight for unadjusted financial indicators as defined in the Remuneration Framework. At the time of the Policy approval, this maximum is 45% of the total indicator weight (of financial and non-financial indicators combined);
- A mix of Aegon and personal performance indicators, which can range in weight between 50-80% and 20-50% respectively, depending on the Aegon priorities of the performance year;
- For at least 20% based on a retrospective 3-year performance horizon and for the remainder based on a 1-year performance horizon, and;
- At least containing one indicator from each of the following mandatory performance indicator categories:

Mix	Mandatory Categories	Examples
Aegon financial	Shareholders	Relative Total Shareholder Return
	Capital	Total Capital Generation, Normalized Capital Generation, Solvency II ratio
	Earnings	Return on Equity, Net Underlying Earnings, Underlying Earnings Before Tax, Earnings per Share
	Growth	Market Consistent Value of New Business, Fees and Premium based Revenues, Annualized Revenue on Net Deposits
Aegon non-financial	Stakeholders	Customer: Net Promoter Score, Number of Customers, Number of Products per Customer. Employees: Employee Training, Employee Turnover
Aegon or personal non-financial	ESG	Environment: CO_2 footprint Social: Employee Engagement, Employee Diversity Governance: Risk Management
	Strategy	Strategy Execution, Business Transformation, Succession Planning, Cultural Transformation

These categories, and therefore the resulting Cash and Share based Variable Compensation awards, are a carefully selected mix of key focus areas, which together contribute to Aegon's strategy, long-term interests and sustainability.

The Executive is incentivized by this Policy to contribute to the Aegon strategy also through the following mandatory performance indicator categories (see also A.4):

- Capital: In order to execute its strategy, Aegon needs strong and stable Capital adequacy levels for its current businesses and for investing in growth businesses. Sustainable capital generation allows Aegon to return capital to its shareholders, including in the form of dividends, and provides it with financial flexibility.
- Growth: Measures the expansion of our customer base expressed in financial results, which is one of the key strategic focus areas.
- Strategy: Contributes most directly to a successful execution of Aegon's strategy by focusing on the execution of the most essential processes and/or projects at that moment (e.g. timing, costs and quality).

To align the Executive to Aegon's long-term interests, the following mandatory performance indicator categories are included in this Policy (see also A.4):

- Shareholders: Focuses specifically on the long-term financial value creation for Shareholders, as one of the key long-term interests of Aegon.
- Earnings: Positive earnings are a prerequisite for Aegon to continue operate and create value for its Stakeholders and societies in the long-term.
- Other Stakeholders: Alongside the Shareholders, Aegon has a range of important Stakeholders, such as customers and employees. For Aegon's customers long-term value creation means offering protection through our products and services, paying claims and benefits, providing returns on savings and investments and helping to build long-term financial security. For Aegon's employees long-term value is created by paying salaries and other social benefits, providing a safe, fulfilling environment in which to work and offering training and career opportunities.

Aegon is committed to doing business responsibly and in a sustainable way, for which the Executive is incentivized in this Policy through the ESG performance indicator category (see also A.4):

- ESG: Ensures a focus on the non-financial long-term value creation for Stakeholders and/or the society, related to Environment, Social and/or Governance (ESG).

Each year the Supervisory Board will disclose the selected performance indicators and weights at the start of the performance year in the Remuneration Report of the previous year. For example, the 2019 Remuneration Report will contain the performance indicators and weights for the 2020 performance year.

D.2 Target Setting

At the start of the performance year, the Supervisory Board approves a minimum (threshold), at-target, and a maximum level for each of the Aegon and personal performance indicators. These levels can be quantitative or qualitative in nature.

Target levels for financial indicators are directly derived from the annual Budget / MTP numbers. Other target levels should be chosen such that they are attainable and realistic, yet at the same time challenging.

The minimum and maximum levels around target are based on:

- The inherent sensitivity of the metric to economic assumptions;
- Prior year experience in reaching threshold /maximum target levels;
- Deviation from current year's plan to prior year's plan and
- Absolute level of the target.

The Supervisory Board is supported in the target setting process by business experts such as Finance, Human Resources and Risk.

D.3 Calculation of Variable Compensation

After completion of the performance year a comparison will be made between the predetermined target levels and the actual, realized performance.

The following scale will be used for the Group and personal performance indicators:

Performance Indicators - Target Level and Performance Measurement Scale

Performance Level	Below threshold / minimum	Between minimum and target	Target	Between target and maximum	Maximum
Realized performance	0%	From 50% to 80%	80%	From 80% to 100%	100%

When measuring the results on qualitative targets, the performance level is first established using the qualitative performance level descriptions and then matching percentages are applied.

Each year Variable Compensation is allocated based on performance against the set of performance indicators, weights and target levels that have been agreed by the Executive with the Supervisory Board. The result for each performance indicator and the related Variable Compensation calculation will be disclosed in the Remuneration Report each year.

E. Other Conditions

E.1 Other conditions

The Supervisory Board may include other conditions which are common in a board agreement. Examples are a confidentiality, a disclosure clause and other collective (non-remuneration) employee policies, such as a Code of Conduct, Insider Dealing Policy and Conflicts of Interest Policy.

E.2 No hedging or insurance to undermine risk alignment

The Executive is not allowed to use personal hedging strategies or insurance that could be used to undermine the risk alignment effects imbedded in their remuneration arrangements.

E.3 Non-compete and non-solicit

The Supervisory Board may include a non-compete and a non-solicit clause in the Executive's Board Agreement.

F. Termination and notice period

F.1 Termination by operation of law

The Executive's appointment is terminated by operation of law after completion of the term for which the Executive was appointed or when Shareholders terminate the appointment of the Executive in accordance with the requirements laid down in the Dutch Civil Code and Articles of Association of Aegon N.V. For these scenarios, the Board Agreement will include a clause on the subsequent termination of the Board Agreement, which may include a notice period clause and a Termination Fee clause.

F.2 Termination by Executive

The Executive may terminate the Board Agreement with a three month notice period during the appointment.

F.3 Termination by the Supervisory Board

The Executive's Board Agreement may be terminated by Aegon, represented by the Supervisory Board, with immediate effect and with no notice being required during the appointment, with no obligation for Aegon to pay damages and with no entitlement for the Executive to a Termination Fee, in the event of:

- Acts or omissions of the Executive which constitute an urgent cause, imputable acts or negligence, a disturbed relationship or seriously culpable actions or neglect of the Executive in fulfilling his duties; or
- Acts or omissions on the side of the Executive which constitutes gross negligent behavior of the Executive, including but not limited to a situation where any Dutch authority supervising the activities of Aegon takes the view that the Executive cannot continue in his position any longer.

In all other cases, Aegon may terminate Executive's Board Agreement with a six month notice period.

G. Verification

All calculations made to determine compensation under this Policy are verified by the independent external auditor and the Supervisory Board's Remuneration Committee.

Annex

One of the sources against which the Supervisory Board assesses the competitiveness of the Executive's remuneration structure and levels are the peer companies.

For this purpose the Supervisory Board selected a primary set of peer group companies according to the following criteria:

- Industry: Insurance, with a preference for Life Insurance;
- Size: Average Market Capitalization, Employees, Revenue and Total Assets;
- Geographic scope: Preferably companies which operate globally;
- Location: Headquarters based in Europe.

Based on these criteria, the current peer group consists of the following 16 European Insurance companies: Ageas, Allianz, Aviva, AXA, CNP Assurances, Assicurazioni Generali, Legal & General, Mapfre, Münchener Re, NN Group, Prudential, RSA Insurance Group, Swiss Life Holding, Swiss Re, Talanx and Zurich Insurance Group. The last update of this peer group was in 2020. Ageas, RSA Insurance Group, Swiss Life Holding and Talanx were added, while Old Mutual and Standard Life Aberdeen were removed. The increased peer group size (from 14 to 16) created a more balanced selection around Aegon's size data (Average Market Capitalization, Employees, Revenue and Total Assets). This peer group partially differs from the European peer group for the Supervisory Board, as a result of excluding the UK companies where non-executive directors typically have different responsibilities compared to their continental European counterparts.

In addition, the Supervisory Board selects a secondary peer group according the following criteria, in order to monitor alignment with the General Industry in the Netherlands:
- Industry: General Industry and listed on the AEX;
- Size: Average Market Capitalization, Employees, Revenue and Total Assets;
- Location: Headquarters based in the Netherlands.

Based on these criteria, the current secondary peer group consists of the following 12 AEX companies: Ahold Delhaize, ING Group, Randstad, Heineken, NN Group, Philips, ABN AMRO, Akzo Nobel, ASML, DSM, KPN and Wolters Kluwer. The last update of this peer group was in 2019, when ING, NN Group, ABN AMRO, DSM and Wolters Kluwer were added, replacing ArcelorMittal, RELX Group, Royal Dutch Shell, Unibail-Rodamco and Unilever. This peer group is equal to the Dutch peer group for the Supervisory Board.

The Supervisory Board will annually review both peer groups and can amend these, within the above-mentioned selection criteria, to ensure they continue to provide a reliable basis for comparison. Any change to the peer group will be disclosed in the Remuneration Report.