

Aegon Global Charter Framework

This Charter constitutes a cornerstone of the functional Charters. Therefore, the functional Charters should be read in conjunction with this overarching Global Charter Framework.

Vision

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2. Ownership, maintenance and authorization of the Charter
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Vision

Aegon's ambition is to be a trusted partner for financial solutions at every stage of life, and to be recognized by its customers, business partners and society as a company that puts the interests of its customers first in everything it does.

To achieve this, Aegon's employees go the extra mile, they are flexible and their sense of commitment ensures we deliver what our customers expect - or more.

By having Global Functions that are vertically integrated, Aegon can operate as a transparent and effective organization, demonstrating strong governance and control, and benefiting from the synergies of being a global organization.

1. Purpose of the Charter Framework

The purpose of this overarching Global Charter Framework is to define the nature, role, responsibilities, status, and authority of the Global Functions in general. The elements described in this Charter are the key principles for the specific Global Functions.

The Charters for individual Global Functions (functional Charters) should be aligned with this Charter, a summarizing overview is included in appendix I. In those instances where individual Global Functions have a hierarchical line with another Global Function, this line should be reflected in the charter of the individual Global Function.

This Charter applies to all entities of which Aegon is a majority shareholder and has operational control. In case of joint ventures, the responsible Aegon management satisfies itself that governance with respect to the function is compatible with this Charter.

The designed governance should allow for proportionality where, in certain instances, the limited scale of a Strategic Business Unit (SBU)/Local function requires customization, provided that exception management is applied (for the right reasons) and documented (following the right structure). These should be clear exceptions where local circumstances warrant such an exception and should be signed-off by the Global Head of Function.

Central functions are not in-scope of this Charter.

2. Ownership, maintenance and authorization of the Charter

The owner of this Charter is the Management Board (MB) of Aegon, which also approves it. This Charter will be reviewed annually by the MB and updated if and when required.

3. Scope Organization

Within Aegon, Global Functions are defined. A Global Function is a function established to ensure consistency and alignment across the organization, and has a presence at Aegon Group level and SBU level. This Charter addresses both levels. Within the Global Functions, responsibilities are further defined towards Global Head and Local Management.

The position of the Global Functions within the Aegon organization is visualized in figure 1. Definitions are included in Appendix III.

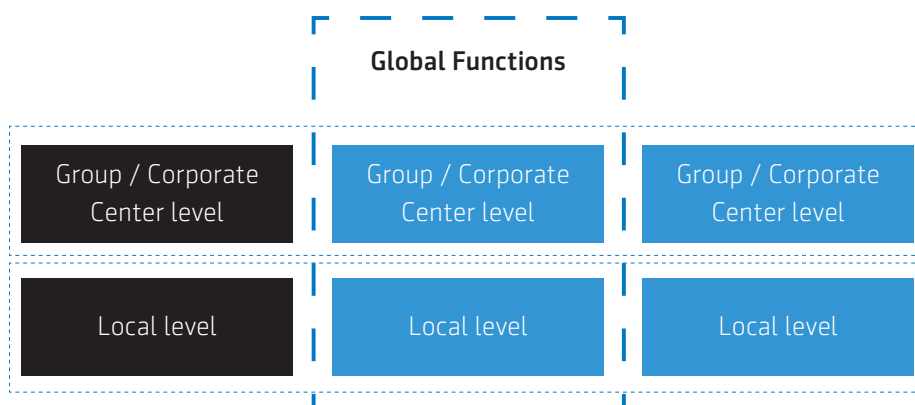


Figure 1.

The functions that are covered by this Global Charter Framework are (see the organizational structure in figure 2 on the next page):

First line:

- ♦ Chief Actuary (CA) Finance
- ♦ General Counsel (GC)
- ♦ Human Resources (HR)
- ♦ Information Technology (IT)
- ♦ Tax
- ♦ Information Security

Second line:

- ♦ Risk Management (Risk Mngt)
- ♦ Underwriting Risk Management (URM)
- ♦ Operational & Model Risk Management (OMRM)
- ♦ Compliance

Third line:

- ♦ Internal Audit (IA)

The MB may define other functions as Global Functions.

Activities

This Charter provides a common framework for the Global Functions in relation to the following four areas of their responsibility:

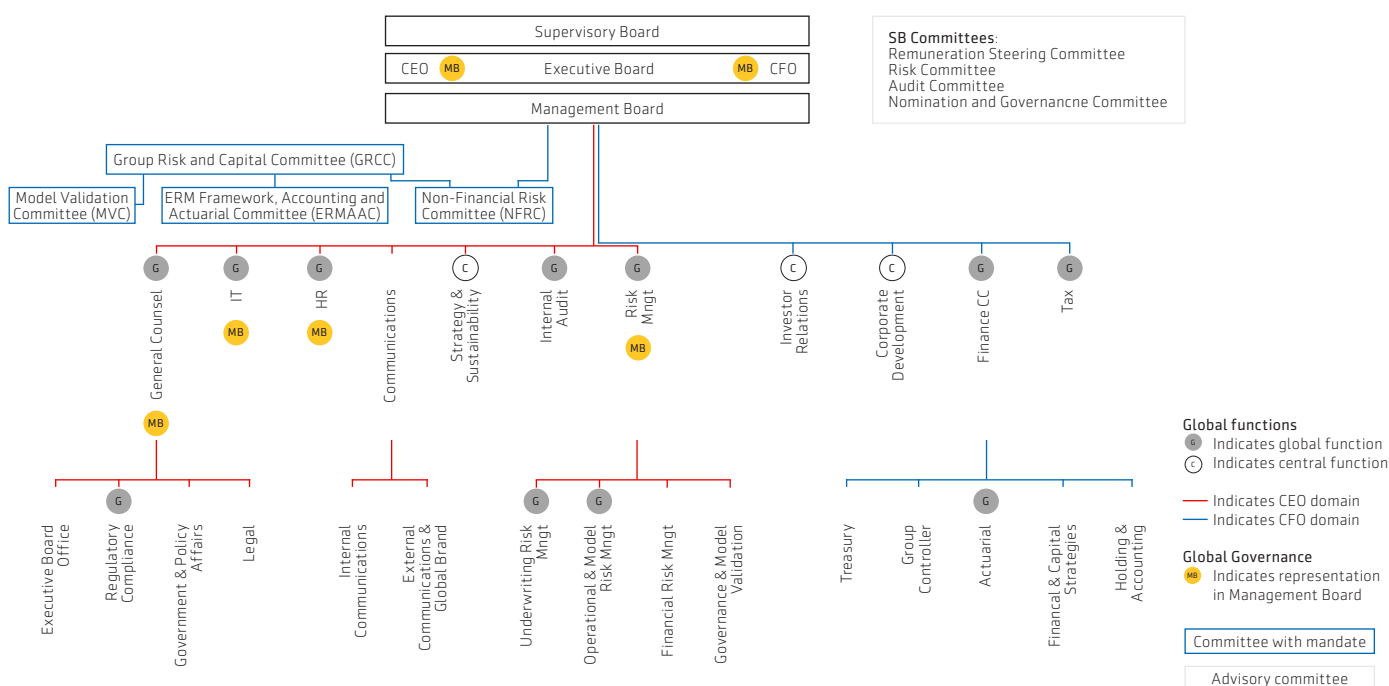
- ♦ Strategy
- ♦ Structure and Governance
- ♦ Human Resources
- ♦ Culture and Leadership

The roles and responsibilities related to the four areas are described in more detail in section 7 of this Charter. Within these four areas, each Global Function has function specific domains that are outlined in their own functional Charter.

Figure 2. Organizational structure

* This overview does not include all functions

** A number of committees are in place that operate cross-functional and provide advice to MB/EB.



4. Authority and role

Role of Management

The MB is jointly responsible to its stakeholders including clients, staff, shareholders, regulators and society. Together with the Executive Board (EB), each member of the MB is responsible for the effectiveness of the Aegon organization as a whole, at all times. The role of the MB and the EB is described in more detail in the Management Board Charter and the Executive Board Charter.

Role of the Global Function

The Global Functions are entrusted with:

- ♦ Implementing and achieving the overall business objectives, and strategy for their respective function, as well as delivering results;
- ♦ Ensuring clarity in their functional structure and governance model;
- ♦ Managing talent consistently across their function;
- ♦ Fostering the One Aegon culture and leadership.

Authority

The Global Functions derive their authority from the EB, the MB and respective SBU Management Board. The Global Heads are empowered to execute their role in an appropriate manner, this includes having full access to all records required.

The appointment of the Global Head is approved by the EB. The appointment of an SBU Head is approved by the Local Management of the respective unit and the Global Head of the function.

The authority of a Global Head includes certain responsibilities in recruitment, performance and dismissal of professionals at SBU level. Please refer to section 7 of this Charter for more details.

Escalation

To safeguard the appropriate effectiveness of the Global Functions, the Global Heads have an escalation path to the EB/MB. In addition, some Global Heads have specific escalation paths to ensure their objectivity and independence, as part of their professional or regulatory obligations. As a result, the Internal Audit, the Risk Management, the Chief Actuary and Compliance Functions have direct access to the Supervisory Board (SB).

Hiring and firing of the aforementioned Global Heads will only take place after consultation with the Chairperson of the SB Audit Committee (Compliance) or the SB Risk Committee (Risk Management). Hiring and firing of the Chief Internal Audit Executive requires approval of the full Supervisory Board. The escalation path of the General Counsel may also include the SB. Independence of the Actuarial Function has been ensured by a direct reporting line to the Risk Management Function holder. For all functions, SB members have at all times, in coordination with the Executive Board Office, direct access to the Global Heads as needed to fulfill their responsibilities. In addition, the Global Heads may be invited when significant functional matters are discussed in SB meetings. Similar governance applies at SBU level as far as applicable.

The SBU Heads have an escalation path to the respective SBU Management Board and to the Global Functional Head. Where applicable the SBU head will have an escalation path to the SBU Supervisory Board or similar governance body.

Escalation may, for example, be relevant in the case of insufficient access to information or if divergent views continue to exist on issues that (potentially) have a substantial impact. Escalation will follow the matrix structure as described in section 5.

5. Governance

The governance structure is designed to maximize the effectiveness of leadership and to empower the organization. Aegon's behavioral values (working together; bringing clarity; exceeding expectations); accountability, agility and client focus, are core to how Aegon works together to deliver on its promises.

Three Lines of Defense model

Aegon's approach to risk management will follow the enterprise-wide principle of three lines of defense: 1) risk ownership, 2) risk management, and 3) independent assurance.

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

At Aegon, the following Global Functions fall within the first line of defense: Chief Actuary; Finance; General Counsel; HR; IT; Tax and Information Security.

The second line facilitates risk management by developing, maintaining, and overseeing compliance with group-wide risk governance, risk tolerances, risk policies and risk methodology, which are applicable to all businesses for which Aegon has operational control. The role of the second line is also to maintain objectivity in business decisions and to ensure appropriate risk management information. At Aegon, the following Global Functions fall within the second line of defense: Risk Management, Underwriting Risk Management, Operational & Model Risk Management, and Compliance.

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

Matrix and reporting structure

Together with the EB, the MB has agreed that the breadth of the Aegon organization and the chosen strategy necessitates the application of a limited matrix management structure to support Aegon's ambitions.

Therefore, a matrix has been designed to balance the contribution gained in the alignment of Global Functions with local implementation, at the same time supporting the execution of Aegon's strategy through the local businesses to meet client requirements, responsibility for profitability and ensuring compliance with local legal and regulatory requirements. The following definitions and principles will apply:

- The matrix is based on shared responsibility between Global Heads and Local Management, depending on the element, it will be joint responsibility or led by one or the other. The wording 'Joint' implies that both the local and global view are worked on simultaneously and through challenge and debate they are brought to one view.
- When a decision is required and where someone is required to initiate the process to get to the decision, it is agreed to use the following wording: 'Lead' and 'Input'. The wording 'Lead' implies taking the initiative and proposing the final decision, while the wording 'Input' implies being consulted and participating in the decision-making process. Group Functions should actively support Local/SBU Functions as part of their 'Input'.
- Only in cases where: no process is initiated; no information is shared; no input is requested; or no agreement can be reached will escalation be required. Again, this escalation will follow the matrix.

The following matrix principles have been endorsed by the MB:

- Matrix roles are designed to empower our leadership and support our strategic goals.
- The existence of a matrix does not diminish the clarity of each person’s role and responsibility.
- Matrix reporting positions will be for a limited number of meaningful roles and responsibilities.
- For local/business unit employees in a matrix role, the local/business unit manager (CEO, CFO, CRO or GC) will remain the Reporting Manager.
- Large global functional initiatives may have an impact on local execution plans. Global initiatives have been endorsed by the MB and are perceived as critical to Aegon’s success.
- In cases (e.g. Global Technology Services (GTS)) where common services (Center of Excellence) are delivered to a number of business units, leaders will not have matrix reporting lines.

The Heads of the Global Functions have a single reporting line. The SBU head reports directly to the local CEO, CFO, CRO, CTO or GC. The SBU Manager will be appointed as Reporting manager. The reporting lines to the Head of the Global Function and the SBU Manager (CEO, CFO, CRO, CTO and GC) are reflected in figure 3 below:

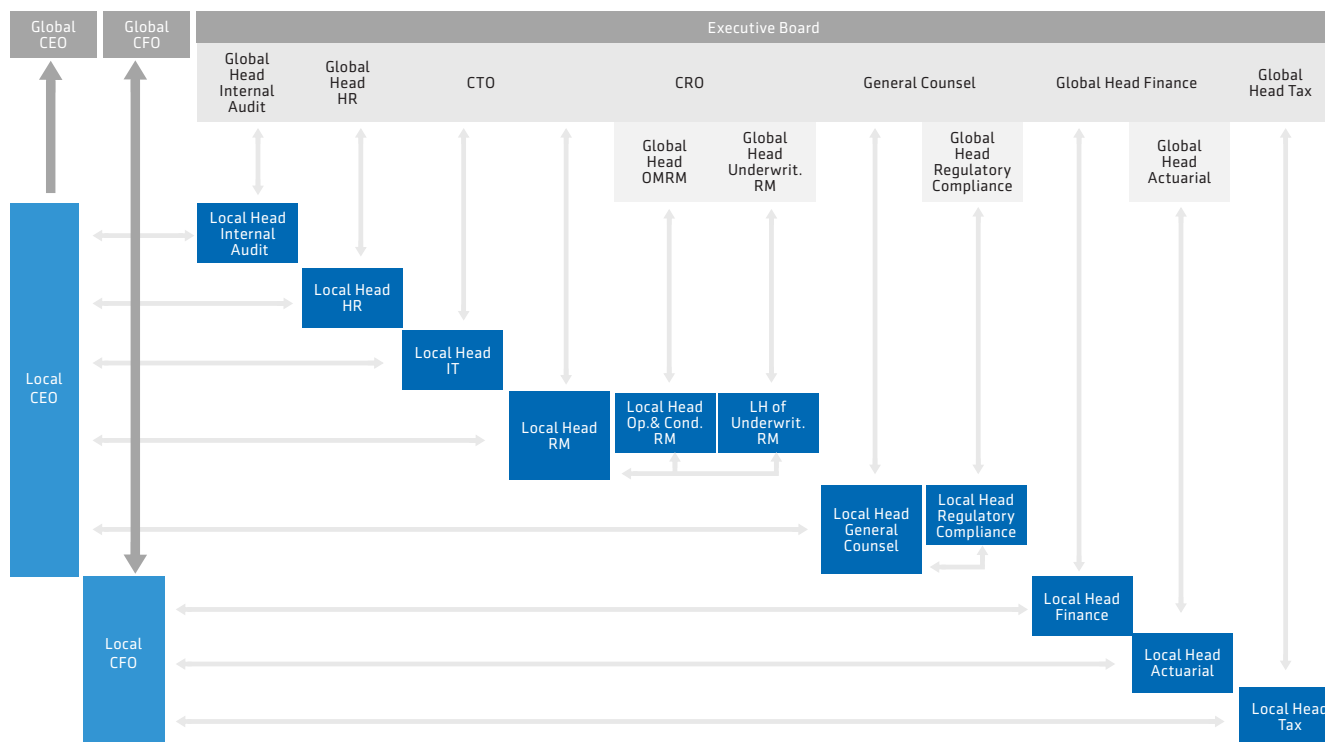


Figure 3.

Committees

Within Aegon, a number of committees are in place. Some of those committees operate cross-functional (participants from more than one Global Function) and/or address group-wide topics. The committees are an integral part of the governance structure. For the overarching Charter, only the committees having an explicit mandate are included. Please refer to the organizational structure in figure 2 for the hierarchical structure of the committees and appendix II for a full description of the committees. All other committees/boards are included in the respective functional Charters.

Approval requirements

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

6. Objective of the Global Functions

The objective of the Heads of the Global Functions is to have strong functional oversight and to ensure a consistent standard of functional policy implementation, timely and accurate aggregated reporting, resource management and shared best practice. Besides, the aim is to create a global community in which the SBUs' strategies are aligned with the overall Aegon strategy and where a One Aegon culture is being fostered.

The objective of the Global Functions is supported by the following design principles:

- All decisions are taken in the interest of the whole group rather than the individual entity/country unit and/or region;
- All efforts are aligned to increase the benefits of being One Aegon, a truly Global Group with main strategic advantages around (1) diversification, (2) access to talent, (3) ability to leverage scale, capabilities and resources, (4) international reputation and (5) exposure to global thinking and the added value of the Global Group;
- Duplication of efforts is avoided and cost efficiency is maintained.

Local laws and regulations or specific local circumstances may dictate decisions and/or actions inconsistent with the above objectives. In these cases, local law will take precedent over these design principles. These should be clear exceptions where local circumstances warrant such an exception and should be signed-off by the Global Head of Function.

7. Roles & Responsibilities of the Global Functions

The overall roles and responsibilities of the Global Functions are aligned with their position in the Three Lines of Defense model. Depending on the function and its role, the functions are responsible for:

- Advice
- Support and facilitation
- Monitoring and/or challenge

In order to meet the objectives of the function, the capability of the Global Functions is very important. In general, the Global Functions have the following responsibilities which should be in line with Aegon's risk tolerances: (applying the 'Lead' and 'Input' principles of the matrix structure for the Global Head and the Local Management as explained in section 5 and following the four main areas as explained in sections 3 & 4):

#		Responsibility	Local Mngt	Global Head
1	Strategy	Global strategy development, functional planning, budget and priority setting	Input	Lead
2		Local strategy development, business planning and target setting	Lead	Input
3		Identification of synergies, efficiencies and redundancies in function	Input	Lead
4		Identification of synergies and redundancies in local market	Lead	Input
5	Structure and Governance	Managing day-to-day operations in line with Aegon's risk tolerances	Lead	Input
6		Local governance and compliance with local rules and regulation	Lead	Input
7		Strengthening the function by ensuring strong functional lines are in place	Input	Lead
8		Definition of policies and methodologies for the function	Input	Lead
9	Human Resources	Capacity management – local resource needs in terms of knowledge, skills, etc.	Lead	Input
10		Hire and Fire (Global Head -1 and agreed key direct reports)	Joint	Joint
11		Goal setting and performance review within the function	Joint	Joint
12		Ensuring consistency in knowledge transfer through training and methodologies	Input	Lead
13		Define training curriculum	Joint	Joint
14		Identification and development of functional talent, both for local as well as the global talent pool	Joint	Joint
15	Culture and Leader-ship	Implementation of One Aegon Culture	Joint	Joint
16		Identifying opportunities, sharing best practices and driving projects for the benefit of the Group	Joint	Joint

As mentioned in section 5, some key matters require approval from EB and/or SB and some are subject to prior informing of the EB. This is documented in the Approval Requirements document and can impact the roles and responsibilities of the Global Functions.

Furthermore, the responsibility of the Global Head with regard to # 10, relating to Hire and Fire, can be further specified as approval of hiring the Local Head, removal of the Local Head in consultation with (local) CEO and reviewing the appointment of key staff at local level.

8. Reporting

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

Group level

The Global Functions report periodically to the EB/MB and SB and their respective committees. There are two types of reporting:

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

Strategic Business Unit

Similar to the Global Functions on a Group level, the Local Heads/SBU functions have the responsibility to report to their SBU Management Board.

Appendix I. Charter alignment table

Chapter #	Table of content	Overarching Charter	Functional Charters
	Vision	Aegon wide	Function specific
1	Purpose of the Charter	<ul style="list-style-type: none"> ◆ Purpose ◆ Application requirements ◆ Proportionality considerations 	Purpose
2	Ownership, maintenance & authorization Charter	<ul style="list-style-type: none"> ◆ Ownership: MB ◆ Approval: EB 	<ul style="list-style-type: none"> ◆ Ownership: Global Head ◆ Approval: MB (exception Internal Audit: approval by Audit Committee of the SB)
3	Scope	<ul style="list-style-type: none"> ◆ Twelve Global Functions ◆ Four areas of responsibilities ◆ Aegon wide organizational chart ◆ Reference to definitions (appendix I) 	<ul style="list-style-type: none"> ◆ Function specific structure ◆ Function specific activities
4	Authority and role	<ul style="list-style-type: none"> ◆ Role of management- Aegon wide ◆ Role of the Global Functions related to the four areas of main responsibilities ◆ Explanation of authority for all Global Functions ◆ Explanation of escalation for all Global Functions 	<ul style="list-style-type: none"> ◆ Reference to overarching Charter ◆ Function specific
5	Governance	<p>Extensive explanation of:</p> <ul style="list-style-type: none"> ◆ Three lines of defense ◆ Matrix and reporting structure ◆ Overarching committees with explicit mandate ◆ Approval requirements 	<ul style="list-style-type: none"> ◆ Reference to overarching Charter ◆ Position of the function/ Organizational chart of the function ◆ Function specific committees
6	Objective of the function	<ul style="list-style-type: none"> ◆ General objective of the Global Functions related to the four areas of responsibilities ◆ General design principles for the Global Functions 	◆ Function specific objective
7	Roles & responsibilities of the Global Functions	<ul style="list-style-type: none"> ◆ General categorization of function specific responsibilities in advice, support & facilitate and monitor & challenge ◆ Generic 16 responsibilities of Global Functions related to the four areas of responsibilities, including 'lead' and 'input' principles of the matrix structure ◆ Further specification of responsibility # 10 "Hire and Fire" 	◆ Categorization of function specific responsibilities in advice, support & facilitate and monitor & challenge, including 'lead' and 'input' principles of the matrix structure
8	Reporting	<p>General explanation of two types of reporting:</p> <ul style="list-style-type: none"> ◆ Structured regular reporting on day-to-day operations (including Aegon's risk tolerances and serious events/ incidents) ◆ Status and effectiveness of the function 	◆ Summary of function specific types of reporting aligned with the two types as named in the overarching Charter
	Appendices	<p>I. Charter alignment table II. Committees III. Definitions</p>	◆ Function specific appendix (optional)

Appendix II. Committees

Below table indicates the committees with an explicit mandate.

Committee	Role	Relation to Global Functions
Group Risk and Capital Committee (GRCC)	Managing the company's overall balance sheet and in charge of risk oversight, risk monitoring and risk management related decisions on behalf of the EB/MB.	<ul style="list-style-type: none"> ◆ Chief Actuary ◆ Finance ◆ Risk Mngt
ERM Framework, Accounting and Actuarial Committee (ERMAAC)	Setting framework elements across all balance sheet bases (SII, IFRS, EF) including policies, standards, guidelines, methodologies and assumptions.	<ul style="list-style-type: none"> ◆ Chief Actuary ◆ Finance ◆ Risk Mngt
Model Validation Committee (MVC)	Approving all model validation reports across Aegon.	<ul style="list-style-type: none"> ◆ Risk Mngt ◆ URM
Non-Financial Risk Committee (NFRC)	Exchanges information on non-financial risk matters and prepares decision making for the GRCC or relevant Board, in line with applicable governance requirements.	<ul style="list-style-type: none"> ◆ GC ◆ OMRM ◆ Compliance ◆ Risk Mngt ◆ Chief Information Technology Risk Officer

Table 1. Overview of committees with an explicit mandate

Group Risk and Capital Committee (GRCC)

The GRCC is the most senior risk committee within Aegon. It is responsible and accountable for managing Aegon's balance sheet at the global level and in charge of risk oversight, risk monitoring and risk management related decisions on behalf of the EB/MB in line with its Charter. The GRCC is mandated to take business decisions on behalf of the MB/EB to ensure: risk-taking is within Aegon Group risk tolerances; the capital position is adequate to support financial strength, credit rating objectives and regulatory requirements; and that capital is properly allocated. The GRCC is co-chaired by the CFO and CRO of Aegon NV on a rotational basis. The CFO will take the chair in even years, during which the CRO will act as vice-chairperson. The CRO will take the chair in odd numbered years, during which the CFO will act as vice-chairperson.

ERM Framework, Accounting and Actuarial Committee (ERMAAC)

The ERM Framework, Accounting and Actuarial Committee (ERMAAC) is a GRCC sub-committee that has been appointed as being responsible for setting framework elements across all balance sheet bases (SII, IFRS, EF) including policies, standards, guidelines, methodologies and assumptions. The ERMAAC is chaired by Aegon's Global Chief Actuary. Decision making is by consensus.

Model Validation Committee (MVC)

The Model Validation Committee (MVC) is responsible for approving all model validation reports across Aegon. Meetings are organized by Region. Voting members are the Group Head of Risk Governance and the relevant Regional CRO. This is an independent committee, but provides status updates to GRCC and MB/EB for information purposes. Escalation to the Group CRO is provided in case of a tie of votes among the voting members. The MVC is chaired by the Global Head of Operational & Model Risk Management

Non-Financial Risk Committee (NFRC)

The Non-Financial Risk Committee (NFRC) exchanges information on non-financial risk matters and prepares decision making for the GRCC or relevant Board, in line with applicable governance requirements. The NFRC receives and reviews the regular quarterly reports from the Regions on non-financial risk exposure, including issues related to regulatory compliance. The NFRC is chaired by the Group CRO and Group General Counsel on a rotational basis.

Appendix III. Definitions

Functions

Global Function: a function that is present at Group level and Local/Strategic Business Unit (SBU) level.

Group Function: a function that is organized at Group level and is part of a Global Function. The Group function is aligned with the SBUs of the respective function, has global oversight as well as a support role towards a Local/SBU Function.

Local/SBU Function: refers to Aegon regional units, country units and business lines.

Central Function: a function that is organized at Group level only.

Centre of Excellence: common services are delivered to a number of business units based on service level agreements.

Levels

Group/Corporate level: refers to the level of functions that are organized at corporate center level and can either be Group functions or Central functions.

Local/SBU level: refers to Aegon regional units, country units and business lines.